FINANCIAL TIMES
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Three suitors for a £500m air deal, Page 9

NEWS SUMMARY

GENERAL

Doubts over Shultz's future

Doubts are increasing about the future of U.S. Secretary of State George Shultz. Although he is unlikely to resign before next year's presidential election his influence with President Ronald Reagan is declining.

If Mr Reagan were re-elected, he would probably decide to leave the administration, State Department and White House officials believe.

Mr Shultz has denied reports that he has threatened "to go back to California," but he seems to be displaced by national security advisor William Clark in the field of foreign policy. Page 5

Chad forces dig in

Rival forces in the Chad conflict were establishing their positions, with contingents from the 500-strong French force in place at the towns of Salal and Abeche. Two more detachments of French troops were due to leave for Chad yesterday. Page 2

Cuba accused the U.S. of "insolent provocations" against Libya.

Governors ousted

Two Nigerian state governors lost their seats in the first round of results from Saturday's elections One claimed ballot rigging against him. Tension remained high, but no more major incidents were reported. Page 2

Car blaze death

A South Yemeni chauffeur died when the embassy car he was driving burst into flames in Paris. A bomb was the suspected cause.

Scientist defects

A scientist working at a Soviet mine in Spitzbergen in the Arctic has defected to Norway.

Girls executed

Iranian authorities have executed 28 people, including four young girls, in the western provincial capital Bakhtaran, apparently for supporting opposition group Mujahedin.

Salvador amnesty

El Salvador officials said about 500 Left-wing guerrillas handed over their arms in an amnesty which ended yesterday.

Rebels claim success

Unita, the Angolan rebel movement, claimed to have captured the eastern town Cangamba, following an 11-day siege in which 709 defenders, including 120 Cuban soldiers, were killed.

Frozen ordeal

Stevedores in Bremerhaven, West Germany, rescued two Colombian stowaways from the refrigerated hold of a Belgian banana freighter, but two others died of exposure during the two-week voyage.

Cathedral arrest

Toulouse police arrested two anarchists in St Etienne Cathedral while they were trying to set fire to the building.

Briefly

Detroit: A 73-year-old man accidentally shot dead his wife while trying to deal with six intruders.

Sweden's defence chief said foreign submarines were still infiltrating Swedish waters.

San Sebastian: 69 people were injured when Spanish police broke up a Basque demonstration.

Japan: At least 44 people drowned in stormy seas at the weekend.

Drug abuse costs U.S. industry $25.8bn a year, said a U.S. report.

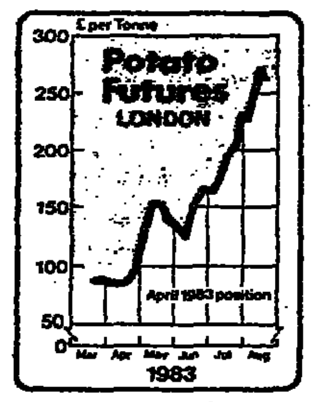
BUSINESS

Caracas in moves to speed payments

● **THE VENEZUELAN** Government has told its 13-bank advisory committee in Caracas that it hopes to bring in measures this week to speed payments on the country's foreign debts of over $36bn, an issue which has been delaying progress in talks with the IMF. Page 10

● **GOLD** rose $3.5 in London to $418.125. In Frankfurt it rose $3 to $416, and in Zurich by $4 to $417.5. In New York the Comex August settlement closed at $420.0 ($413.3). Page 30

● **POTATO** futures fell in London on the hope of rainier weather soon. The April position was £6.50 down at £262.50 ($391.78) a tonne. Page 30



● **LONDON:** FT industrial index rose 10.7 to a record 732.8. Government Securities improved by an average 1 per cent. Report, FT Share information service, Pages 25-27

● **WALL STREET** closed 10.67 higher at 1,193.50. Report, Page 21. Full share listings, Pages 22-24

● **TOKYO:** Nikkei Dow index was 99.48 up at 9020.3, and the Stock Exchange index rose 9.26 to 669.01. Report, Page 21. Leading share prices, other exchanges. Page 24

● **STERLING** rose 90 points to $1.4925, and reached a two-month high at DM 4.05 (from DM 4.0375). It was also up at FFr 12.175 (FFr 12.14), and Y368.75 (Y366.25), but eased to SwFr 3.2375 (SwFr 3.2425). Its Bank of England trade-weighted index, struck before trading closed, was unchanged at 85.1. In New York sterling closed at $1.4985. Page 31

● **DOLLAR** recovered from a weak start to the day, following better than expected money supply figures. It eased to DM 2.7125 (DM 2.7205), FFr 8.1575 (FFr 8.185) and SwFr 2.168 (SwFr 2.184). It rose to Y246.9 (Y246.8). Its trade weighting eased from Friday's 130.4 to 129.8. In New York the dollar closed at DM 2.6823; FFr 8.0625; SwFr 2.1455 and Y244.85. Page 31

● **CANADA'S** Finance Minister has protested to the U.S. about the increasing use by U.S. states of unitary corporate taxes, which, it is claimed, treat multinationals unfairly. Page 4

● **DENMARK'S** first-half balance-of-payments deficit was 48 per cent down at DKr 5.12bn ($523m). Page 2

● **SOUTH AFRICA'S** Reserve Bank plans changes from September 1 to make the exchange rate of the rand more responsive to market forces. Page 3

● **BAT INDUSTRIES**, the UK tobacco conglomerate, plans to sell its Kohl's Food chain of more than 60 U.S. supermarkets to A & P of the U.S., controlled by the German Tengelmann group, in a $40m deal, Page 10

● **HOECHST**, the West German chemicals group, announced first-half pre-tax profits 44.1 per cent up at DM 804m ($295.6m). Page 10

● **ASEA**, Sweden's fourth largest business, which operates in the electrical and engineering field, reported first-half profits 113 per cent up at SKr 824m ($103.8m). Page 11

LONDON INDEX AT NEW RECORD

Fed money figures boost world equity and bond markets

BY OUR FINANCIAL STAFF

THE WORLD's financial markets drew strength yesterday from the lower than expected rise in the U.S. money supply announced on Friday.

Although an initial buying surge on Wall Street tapered off later in the day, most sectors there retained solid gains. This followed a new record for the Financial Times industrial ordinary index in London and upward movements on equity and bond markets in the Far East and Europe.

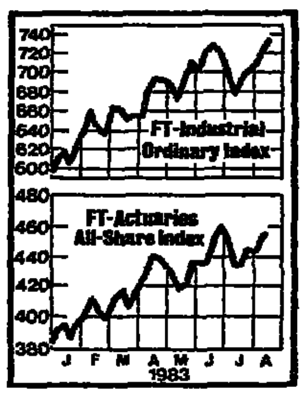
The dollar, meanwhile, eased against all European currencies, although it was marginally stronger in London against the yen.

At the heart of the renewal of confidence of equity and bond investors was the hope that a slowing trend in the M-1 measure of money supply would stave off a round of interest-rate rises to follow the half-point prime rate increase last Monday.

The Dow Jones industrial average jumped 15 points in the first half-hour of trading, and at one stage in the early afternoon was more than 20 ahead and above the 1,200 mark. But its excursion at this level was short-lived, and the Dow closed just 10.67 higher on the day at 1,193.50.

In the bond market a $1½bn customer repurchase intervention by the Federal Reserve aided a rally after morning nervousness. Bond prices had had more time to adjust after-hours on Friday evening.

In London, share prices broke through to uncharted territory when the Financial Times Industrial Ordinary share index – the primary indicator of the market's mood – climbed 10.7 to close at a record 732.8.



Earlier in the day, stock markets in the Far East, Australia and Europe had drawn strength from Wall Street's pre-weekend performance and yesterday's easier trend of the dollar against local currencies.

In Tokyo, the Nikkei Dow market average recorded a 99.48 advance to end at 9,020.30 – the first time for eight sessions that the measure had stood above 9,000.

A stronger local dollar helped shares in Hong Kong, while a number of favourable trading results prompted a fresh round of buying in Singapore. Sharp gains among mining issues led a broad advance in Sydney.

Some European bourses were closed for a public holiday.

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World Stock Markets, Pages 21, 24

French coalition in war of words over job cuts

BY DAVID MARSH IN PARIS

THE FRENCH Communist Party – the junior partner in the Paris coalition – has indirectly accused the Government of failing to take sufficient action to stem rising redundancies in nationalised industries.

The row between the Communists and key state-owned groups concerns a string of recent announcements to cut domestic jobs and build up production abroad in the car, aluminium and paper industries.

The war of words, which has already seen a direct confrontation between the Communist-backed CGT trade union and M Laurent Fabius, the Industry Minister, has wider implications.

It underlines the disappointment shown by many on the Left that the nationalised industries, far from being a spearhead for increasing employment, are trying to cut overmanning to reduce heavy losses.

The dispute comes when the Communists have also signalled reservations over other areas of government policy, including President Mitterrand's tough line on strategic nuclear weapons in Europe and the sending of troops to Chad.

The state companies involved are Renault, Pechiney Ugine Kuhlmann (PUK) and Saint Gobain. M Rene Leguen, member of the political bureau of the Communist party, hit out in the party's daily l'Humanité last Friday at the nationalised companies' failure to play their role in building up domestic production and attacking the French market.

Renault has attracted the Communists' wrath after last week's announcement that American Motors Corporation, the fourth largest U.S. car maker in which the French company has a 46 per cent stake, is taking on more than 1,000 workers this autumn to meet rising U.S. demand.

Renault has, however, declared short-time working at two domestic plants for a week in September. Unions fear the company is preparing to declare several thousand redundancies in the wake of the plan announced earlier this summer for 7,300 job cuts at Peugeot, France's second biggest car maker.

The CGT said Renault's U.S. strategy represented "dangers" and asked rhetorically whether the company wanted to "obstruct the success of the Left's experience in France."

The socialist-leaning CFDT union on the other hand praised Renault's success in the U.S. and said it regretted that the ailing Peugeot had not made similar foreign investments.

In the paper industry M Fabius has fallen foul of the CGT by giving the green light to a programme of 1,500 layoffs at the loss-ridden Chapelle-Darblay company, France's biggest newsprint manufacturer.

A Dutch group, Parenco, is to take over the running of the company after several French manufacturers – including Saint Gobain, which was favoured by the CGT – refused to become involved in any rescue plan.

The CGT has threatened to stop production of all French newspapers using foreign newsprint, which is the majority of them, for a week next month in protest over the affair.

The third company to come under attack from the Communists, PUK, has during the summer announced a restructuring of its aluminium activities, which have been hit by high French electricity costs. It is building a giant aluminium plant in Quebec and rationalising domestic production.

Sandvik shows $27m loss on 'unauthorised currency deals'

BY DAVID BROWN IN STOCKHOLM

SANDVIK, the Swedish tool and speciality steel group, has suffered "considerable" unrecorded losses since the start of 1982 as a result of unauthorised currency speculation by a top executive.

The unnamed employee, apparently acting on behalf of the company, withheld losses totalling SKr 218m ($27.4m), Sandvik revealed yesterday.

"The executive has been with the company for years," said Mr Goran Ahlstrom, Sandvik president. "We trusted him." Mr Ahlstrom said the improprieties had been reported to the police.

The scandal represents a major financial setback for Sandvik, which had been hopeful of a trading recovery in 1983 following a major rationalisation programme.

For the first half of this year there is a net loss of SKr 53m, compared with profits of SKr 90m after tax for the opening six months of 1982.

Against net earnings of SKr 530m in 1981, Sandvik turned in profits of SKr 68m in 1982 following second-half losses.

Profits before extraordinary items for the first half of this year have more than doubled to SKr 219m. This figure is struck before currency losses of SKr 158m, and non-recurring restructuring costs of SKr 114m.

Sandvik said that a further SKr 60m in currency losses would have to be charged against the full 1983 results.

Shares in Sandvik fell sharply on the Swedish bourse yesterday, tumbling by SKr 35 to SKr 275, against a peak this year of SKr 312.

One of Sweden's top 15 industrial companies, Sandvik is the world's largest producer of cemented carbide tools, extremely hard cutting tools used by the mining and construction industries.

Group sales in 1982 totalled SKr 9.3bn, of which the cemented carbide division accounted for about half and steel output a further 25 per cent.

Holmes à Court launches A$4bn bid for BHP

By Michael Thompson-Noel in Sydney

MR ROBERT Holmes à Court, the Perth entrepreneur, yesterday announced a surprise bid of A$4.13bn ($3.6bn) for Broken Hill Proprietary (BHP), Australia's biggest company.

BHP is by far the largest takeover ever contemplated in Australia – so large that brokers, analysts and BHP directors assumed they had encountered an "April 1" practical joke late in the day.

The bid was not launched through Mr Holmes à Court's master company, Bell Group, but through an obscure subsidiary, Wigmores, of which Bell Group gained control only last Friday. Wigmores, the market value of which is a mere A$39m, distributes and sells Caterpillar tractors and bulldozers in Western Australia. Wigmores has about 6.5m shares on the market, of which Mr Holmes à Court holds about 4.25m.

In contrast, BHP's interests range from steel and oil and gas production to mining, minerals and a myriad manufacturing satellites.

Mr Holmes à Court is offering two Wigmores shares, currently valued at A$6 each, for each of BHP's 344.375m shares with no cash alternative.

Yesterday, Mr Holmes à Court denied that the offer was frivolous. "There is no basis for taking such a view. This is a serious bid, without limit. Most of our bids in the past have been for companies larger than ourselves. This is just a matter of scale."

BHP was incredulous. In a terse statement to Wigmores' Sir James McNeill, the BHP chairman, said: "I have had no communication from Wigmores, and am at a loss to understand what their intentions may be. I confess to not knowing much about Wigmores as a company, or what they could possibly offer our shareholders."

BHP's shares closed at A$10.80, up 40 cents, but this was attributed to improved market sentiment, rather than Wigmores' offer.

BHP's net steel loss in the year to May 31, 1983 was A$144.2m, though group net profit was A$252.8m.

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BHP sees way to profits, Page 12

Poles to seek longer term for debt deal

BY LESLIE COLITT IN WARSAW

POLAND will have to be given "better conditions" than in 1981 when it resumes negotiations next month with its Western government creditors over rescheduling the 1982 and 1983 Polish debt, according to Mr Zbigniew Karcz, head of the Polish Finance Ministry's foreign department.

The Governmental debt talks were broken off by the West in January 1982 after martial law was imposed in Poland. But at a Paris Club meeting, following the lifting of martial law, the Western governments, including the U.S., agreed in principle to resume on rescheduling government-to-government debt.

Warsaw's creditor governments in the Paris Club must take into account that the "situation is worse" than when the talks were suspended, Mr Karcz said. Poland, he noted, had lost the ability to export after Western credits were severed. Mr Karcz said the Western governments would have to provide new credit lines and further postponement of repayment, if its ability to repay future debts is to be assured.

Poland owes some $25bn to the West, of which nearly half is to governments and the rest to commercial banks. Mr Karcz is head of the Polish Government's commission on debt rescheduling and is well known to Western bankers.

In a separate development, the Polish foreign trade bank, Bank Handlowy, agreed last Friday to meet Western bank creditors in Vienna today to discuss the rescheduling of the debt falling due this year to Western banks. The commercial banks are generally optimistic that after many delays an agreement is close.

Mr Karcz said that Poland will aim for a 10 to 15 year rescheduling for its government-to-government debt compared with the eight years agreed in Paris for the 1981 Polish debt to Western governments. It will also try to obtain a longer period of grace than the four years agreed in 1981.

Poland, Mr Karcz said, was "sitting in the same basket" as countries such as Turkey and Indonesia where the rescheduling formulae had included fresh credits and had worked.

An agreement could be reached between Warsaw and Western creditor governments in a year or two of negotiations, he said, emphasising that it would have to include the restoration of government guaranteed commodity credits to Poland which were worth $4.9bn in 1981. They fell to $1.4bn after Western sanctions were imposed.

The Polish official said that in the

Continued on Page 10

Argentina gets IMF seal of approval

BY ANATOLE KALETSKY IN WASHINGTON AND ALAN FRIEDMAN IN LONDON

THE International Monetary Fund (IMF) yesterday gave its stamp of approval to Argentina's economic programme, including a key provision which effectively means the lifting of all financial sanctions against British companies.

The IMF decision, which came at an unusual board meeting which was hastily summoned in the middle of the Fund's summer holiday, clears the way for British banks to participate in a badly needed $1.5bn commercial bank loan. It also means the IMF will probably release the third tranche of its $1.5bn stand-by credit for Argentina (part of a $2.15bn loan package); this should mean a disbursement of around $300m.

The British Government, which last Thursday told British banks not to sign the $1.5bn bank credit, last night said it was satisfied that financial sanctions against UK companies would be lifted. The UK Treasury said there were no further objections to British bank participations – which amounts to around £100m ($150m) – in the bank loan.

The $1.5bn commercial bank loan is due to be signed in New York today and tomorrow and British banks are now expected to participate. Mr Guy Huntrods, of UK agent bank Lloyds International, is now in New York.

The board of the IMF was called back from its summer recess yesterday in order to approve Argentina's economic performance criteria. The board meeting was to have

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CONTENTS

Dutch fraud claims involve big pension fund

BY WALTER ELLIS IN AMSTERDAM

A SERIES of alleged property frauds of labyrinthine complexity concerning directors and clients of ABP, the largest Dutch pension fund, involve many hundreds of millions of guilders and some of the country's best known real estate

Mr Koos Rietkerk, the Interior Minister, finally bowed to public pressure yesterday and agreed to publish a report into the ABP affair which names several leading figures in the Dutch property world as well as some large financial institutions.

Among the allegations made are the attempted blackmail of ABP's director of investments, bribery by a property owner to secure ABP's help for a failing sports complex and a whole sequence of transactions in which multi-million guilder properties changed hands up to four times in a single day, with brokers making fortunes along the way.

The ABP (Algemeen Burgerlijk Pensioenfonds) manages the pension contributions of 230,000 Dutch state employees and in February had a property portfolio valued at some Fl 5.5bn (£1.2bn).

Its extremely active buying policy has brought it control of some of the most sought-after business and shopping complexes and helped it become the most successful Dutch fund manager this century.

Were key members of its management demonstrated to be knowingly involved in malpractice, the reverberations would be considerable.

Corporate crime has been much in the news in the Netherlands over the past 12 months. Eight present and former executives of Slavenburgs Bank (now Credit Lyonnais Bank Nederland) are awaiting trial on fraud charges. Several contract labour employers in the Arnhem area also face legal proceedings in connection with alleged tax-evasion and the payment of wages below the legal minimum.

Mr W. Meijer, a leading real estate agent, claims that Mr A. Masson, head of investments at ABP, accepted bribes from Mr A. Poot, owner of a struggling sports complex, in return for ABP funding. According to Mr Meijer financial help was withdrawn when the bribes stopped and the sports business went bankrupt. Mr Masson denies this.

It is claimed, however, that Mr Meijer used his knowledge of the Poot affair to put pressure on Mr Masson to invest ABP money heavily in a number of property deals late last year which he had put together.

ABP, which had been involved previously with Mr Meijer is said to have become suspicious when it discovered from a valuer that properties offered by Mr Meijer for Fl 110m were only worth Fl 79.5m. Subsequently, a compromise deal seemed likely but by then Mr J. Wouters, ABP's chief lawyer, had advised the fund to stop doing business through Mr Meijer.

Mr J. van der Dussen, managing director of ABP, according to the official report, is said to have replied that not to deal with men like Mr Meijer would make property dealing in the Netherlands almost impossible. At anyrate, he continued to negotiate on an adjusted deal although plainly unhappy at the course of events.

Meanwhile, ABP discovered in January that several property purchases it had intended to conclude with the Westland Utrecht mortgage bank had just been sold to Westland by Mr Meijer. Mr Masson is said to have been shocked by this revelation but, it is claimed, suggested that Mr Meijer's involvement be concealed.

Mr Wouters, the ABP lawyer, compiled a detailed dossier on what had been going on and sent it to the Interior Ministry, where Mr Rietkerk ordered an inquiry by Mr Han Gruijters, mayor of Lelystad and a former Housing Minister. His report is the one about to be published.

Mr Rietkerk has also ordered the police to open an investigation.

The properties concerned are worth hundreds of millions of guilders. Those sold to ABP by Westland Utrecht are alleged to have changed hands four times in a single day, resulting in a profit to Mr Meijer of Fl 480,000 (£107,000).

The allegations have also shed light on a much larger joint transaction in February in which ABP paid Fl 700m (£155m) for some of the best-known Dutch commercial centres. Once again, the properties shifted their ownership several times in the course of a working day, and once again a middle-man is said to have made enormous profit.

Ulusu will stand in Turkish poll

By Our Ankara Correspondent

MR BULEND ULUSU, the Turkish Prime Minister, yesterday announced that he would be a candidate in the general election due on November 6.

In a move underlining the determination of the generals who seized power in September, 1980, to direct the course of the country after the election, Mr Ulusu said he would be a candidate for the Nationalist Democracy Party.

The NDP has been set up by Mr Turgut Sunalp, a retired general, and has the apparent blessing of the junta. It has projected itself as the "part of the state" with a mission to uphold the goals of the 1980 military takeover. Mr Ulusu, a retired admiral, was appointed Prime Minister immediately after the coup.

At least four other ministers, including Mr Ilhan Oztrak, the Minister of State, Mr Haluk Bayulken, the Minister of Defence, Mr Sabahattin Ozbek, the Minister of Agriculture, and Mr Ilhan Evliyaoglu, the Minister of Culture and Tourism, will also be standing for the NDP. Some 65 members of the 160-member nominated consultative assembly have also joined the party.

Only two right-wing parties —the NDP and the Motherland Party, headed by the generals' former Deputy Prime Minister, Mr Turgutozal—have so far been able to qualify to enter the election.

Parties have to have at least 30 founder members approved by the National Security Council and set up branches in at least half the country's 67 provinces. But the generals have vetoed 359 would-be founding members of parties. A further 740 former politicians are subject to limitations on political activities while 16, including Mr Suleyman Demirel, a former Prime Minister, are under arrest.

For many Western governments the key question is whether the generals will allow Sodep, a social democratic party, to contest the election. Sodep has been set up without military tutelage and has attracted considerable support. However, three rounds of military vetoes mean it is still short of its required quota of founding members.

Interest also surrounds the fate of the Correct Way Party, which is the latest attempt to set up a party loyal to Mr Demirel, but few Turks believe it has much chance of approval.

Big cut in Danish current account deficit

BY HILARY BARNES IN COPENHAGEN

DENMARK'S current account deficit fell to DKr 5.1bn (£353m) in the first half of this year from DKr 9.7bn (£671m) in the same period last year, according to official figures, an encouraging result for the Conservative-led coalition Government which took office last autumn.

Mr Anders Andersen, the Economy Minister, attributed the improvement in part to government policies, including tough fiscal and incomes policies. The latter has helped cut the rise in consumer prices in the first half to an annual rate of 5.8 per cent compared with 9.5 per cent in the same period last year.

A sharp reduction in oil imports, because of a mild winter, energy conservation and increased output in the Danish sector of the North Sea, also played a role in reducing the deficit.

For the first time for at least 20 years the trade balance in the first half was in surplus—to the tune of DKr 1.7bn (£117m) compared with a deficit of DKr 3bn (£207m) last year.

Imports increased by only 24 per cent to DKr 72.3bn (£5bn) compared to the first half of 1982, with energy imports down by some DKr 1.5bn. Exports increased by 9.8 per cent to DKr 71.4bn.

The export boom was led by exports to the U.S., which increased by 45 per cent to DKr 4.1bn in the first five months. Exports to the EEC were up by 14 per cent to DKr 28.6bn, and to Efta countries by 9 per cent to DKr 13.2bn.

Last spring the Government forecast a current account deficit this year of DKr 13bn-DKr 14bn compared with last year's DKr 18.7bn.

Mr Andersen said that the second half improvement might not be as substantial as the first but he still hoped the deficit could be held to DKr 10bn (£692m). With evidence of rising domestic activity, analysts have said that the import bill may well rise in the second half.

ILO tries to shed light on black economy

BY ANTHONY McDERMOTT IN GENEVA

"MOONLIGHTING," "black labour," "the underground economy"—call it what you will, it is making serious inroads into the industrialised economies and is on the increase.

This is one conclusion of a study* by the International Labour Organisation.

It also believes that much more information is needed in defining the phenomenon—not least to reduce the contradictory range of statistics and professional and governmental views —before it can be treated successfully.

Because it is illegal, the extent of moonlighting is hard to measure, covering as it does a wide range of jobs from seasonal work on the farm to plumbing. However, Mr Raffaele de Grazia, the author, has drawn together an impressive array of information.

In Italy, the country in Western Europe where moonlighting is most developed, some 10 to 35 per cent of the workforce could be involved; Belgium 15-20 per cent; France 3-6 per cent; Britain 2-3m people; and as many as 25m in the U.S.

Figures for the loss of income to national treasuries are also sizeable. A 1979 report on the economies of the then nine members of the European Community plus Austria, Spain, Greece, Portugal, Switzerland and Scandinavia suggested "black labour" accounted on average for at least 5 per cent of GDP. In the U.S., it could be even higher.

There is broad agreement that the recession has been an important factor in its growth. Financial gain, however, is by no means the overriding motivation. It can provide an outlet for proving talents by workers bored or frustrated with their employment. Retired people resort to it to feel useful and have social contact. The "workaholic" does it because he does not know how to use his spare time.

The report cites examples of even priests and professional footballers resorting to a second job.

As for the employer, the attractions are obvious: labour costs are reduced. Pay is often hardly lower than for the full-time regular worker but regulations covering taxes and job and social security need not be observed. There are claims, too, that in times of high unemployment, the second job or clandestine labour relieves social tension.

The risks for the worker are obvious. Too much moonlighting (and some estimates put the average at 15 hours a week) carries risks of overtiredness, injury and illness, and loss of the primary source of income. Immigrant labourers are also exposed in jobs scorned by nationals to work which is dirty, dangerous and poorly paid.

Government measures have tended to be repressive and selective—and unsuccessful.

The report is modest in suggesting solutions and raises a list of questions such as: how the growth in moonlighting can be explained; whether all its forms should be condemned; and the effect of youth unemployment.

It proposes a more realistic approach by governments and international organisations, and more information, "for it is hard to imagine the proper functioning of a society in which a large number of citizens carry out illegal and undeclared activities."

*Le Travail Clandestin by R. de Grazia (pp 118). Published in French only by the ILO, Geneva.

Andropov presses economic reform plans

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

CHANGES IN planning and management are needed if the Soviet economy is to overcome its "accumulated inertia" and make up for lost time, President Yuri Andropov said yesterday in Moscow.

In contrast to his predecessor, the late Mr Leonid Brezhnev who summered in the Crimea, President Andropov evidently feels that the urgency of economic improvement requires a continued campaign during the holiday months to win support for his reforms.

These have principally been a drive to instill greater discipline in the workforce ,which showed many "stances of parasitism, passiveness in one's work and lack of discipline,' he complained yesterday to what the Tass news agency referred to as a gathering of "veteran party members."

But last month he also introduced "experimental" changes in two country-wide ministeries and in selected plants in three republics to increase local managerial autonomy and responsibility.

It is clear from thesummary of his speech yesterday that the Soviet leader feels even a concerted campaign from the top can only move the economy sloly in the direction of change. Mr Andropov said that, in the past "we were not rigorous enough, and not infrequently we resorted to half-measures and could not overcmoe the accumulated inertia fast enough." He warned we must make up for what we have lost."

But, at the same time, he did not seem to expect very speedy results, calling for "changes in order to enter the new five-year period, so to speak, fully armed." The new five-year plan starts in 1986.

Yesterday's meeting was apparently the first of many planned Tass said that similar gatherings of "different generations, different social groups of Soviet society" have been scheduled. It may be, however, that much of the resistance to change is to be found among the older party members in yesterday's audience.

Mr Andropov has given few details of his desired reforms, and yesterday he confined himself to expressing disatisfaction with the pace of the switch towards "intensive development" in the economy.

Labour productivity, as well as output, rose quite sharply in the first part of this year, but has since sunk back.

Diana Smith profiles Sr Ernani Lopes, who has taken on possibly the most difficult job in Portugal

Lisbon's finance workaholic starts smashing the plates

IF PORTUGAL'S 400,000 state employees copied the working habits of the country's 42-year-old Finance Minister, Sr Ernani Lopes, output might take a sharp upturn.

A confirmed workaholic, Sr Lopes has been putting in an average 12-hour day in the 18th-century ministry building by the River Tagus, wrestling with the uncompromising austerity programme that Sr Mario Soares's, Socialist Social Democrat coalition must impose on a reluctant country.

In a system where the Finance Ministry plays a powerful role in daily life, its incumbent risks getting the lion's share of the blame for Portugal's circumstances. It is a brave man who will accept a job in which inherited circumstances compel him to excise subsidies on staples, drastically raise the price of basic foods, utilities and transport, make credit exorbitantly expensive, introduce new taxes, curtail imports of superfluous consumer goods to which the Portuguese had just become accustomed, and clamp down on wages.

But, as is said about Sr Lopes: "He is not afraid of smashing the crockery." However galling the repercussions of the austerity measures, Sr Lopes means to carry on hacking a tangled economy into neater shape.

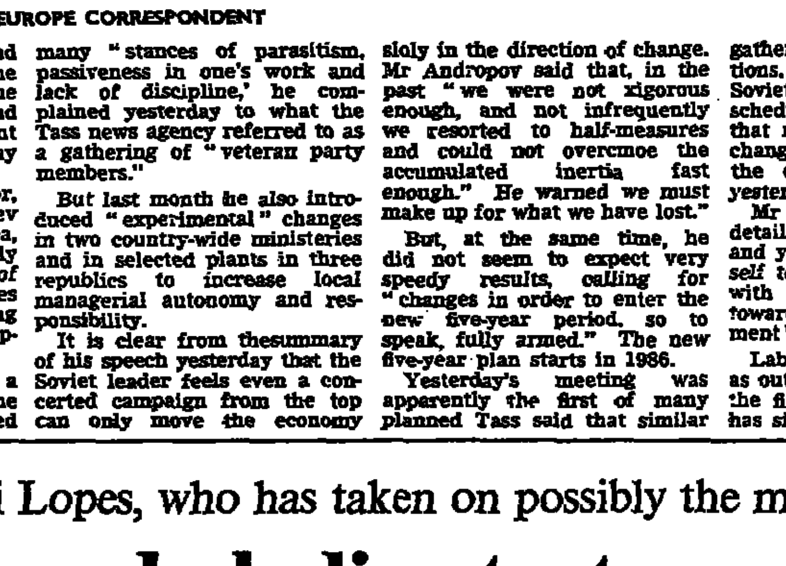
One target for the Government axe is the exuberantly-conspicuous consumption in which Portugal's middle classes have indulged themselves for two years. They have consumed and imported like Scandinavians or Belgians while producing and exporting at Third World levels.

This has helped to swell the current account deficit and push foreign debt to $14.2bn in April —more than half of Gross Domestic Product. Portugal slid into such a tenuous financial position that, in the Finance Ministry's words: "If we had continued to be so irresponsible, inevitably our external payments would have ceased."

But the free-spending private consumer is not the prime target. The unkindest cuts of all will be saved for the lumbering public sector, $9bn in debt, 30 to 40 per cent overmanned, struggling with super-projects on a scale ill-suited to a country of 9m people with few mineral resources.

Past governments have poured subsidies, capital endowments and nationalised bank loans into this sector since it ballooned with the nationalisations in 1975. Many promised retrenchment but none achieved it for fear of the political consequences.

The overstaffed civil service, rife with sinecures, absenteeism, mysterious nonfunctioning departments and widespread accusations of corruption, is also due for a vitamin injection, if only to make existing staff more productive. The Government will strive to avoid mass redundancies but the era when civil servants read novelettes and comics all day are numbered.



Sr Lopez . . . Olympian aloofness and a sense of duty.

The International Monetary Fund (IMF), with which the Soares Government has just negotiated a $480m standby loan in three tranches over the next 18 months, has provided the cue for Sr Lopes and his ministerial colleagues to act: this year, the state budget deficit must drop to 8 per cent of GDP—compared with almost 12 per cent last year; next year it must drop to 6.5 per cent; without compliance, the loan will be in jeopardy.

The 1983 conditions entail a supplementary budget now being prepared at breakneck pace and including cuts in Government spending. This is one reason why Sr Lopes and a weary staff often toil from 8 am to 3 am poring over budget proposals from other ministries that are in some cases not as austere as Sr Lopes wants. It is harder for a minister with party loyalties to wield the axe in his department than for Sr Lopes, a political independent.

Having no political affiliations (he is an ex-Social Democrat) Sr Lopes can easily remain unmoved by requests for jobs for the boys, privileged support for a pet project, or pardon for neglected obligations.

The smaller the country, the worse the personal, family or political pressure on officials and never was a government more harassed by the pressure than the former Centre-Right coalition.

Olympian aloofness suits Sr Lopes, a devout self-made man with a potent sense of duty who has evolved from economics lecturer through ambassador, first in Bonn then Brussels, where he played a key part in negotiations for European Economic Community membership, to today's almost overwhelming tasks.

He is said not to have wanted the job of Finance Minister; several other prominent economists had flatly refused to subject themselves to the ordeal of being the hatchet man. Portugal is a country of mild manners where people dislike being unpopular.

But Sr Lopes is the type of self-driving character who does not intend to fail in a job if he takes it on. He drove hard bargains in Brussels, using his unusual height and strong personality to dramatic effect by stamping out of the room if talks grew sticky.

He has had to drive himself even harder since taking office on June 9, under the aegis of a premier who promised hard times in his inaugural speech and, who in 60 days of Government has kept his word. Sr Lopes's worst test will come when the population, now bent on a carefree August holiday, realises how its buying power will shrivel in the autumn.

Sr Soares, a wily, realistic politician, understood early this year that it would be dangerous to delude the Portuguese people for a moment longer that the economic situation was anything but chaotic. Events brought him a Finance Minister willing to tell the bitter truths that were concealed for two years from the people, and to face the backlash. He has been given vast elbow room by Sr Soares, who is striving to educate himself in economics—a subject he once avoided. Their partnership is turning out to be unexpectedly harmonious.

Port exporters, Page 4

Domestic interest rates may decline in Italy

By Rupert Cornwell in Rome

THE ITALIAN authorities have cautiously signaled their desire to push domestic interest rates lower, in the wake of a modest fall in inflation, in spite of the fierce pressure exerted by the rising U.S. dollar.

This emerges from the slightly reduced yields which will be carried by issues of short-term Treasury bills and medium-term Treasury credit certificates to be floated at the end of this month by the Government.

The cuts are modest — around 0.1 per cent on the

Sig Craxi: pointless to intervene

L21,500bn (£9.02bn) of three-, six- and 12-month Treasury bills, and up to 0.2 per cent for the L7,000bn (£2.93bn) worth of three- and five-year certificates — but they could herald a new trend if Italian inflation continues to decline.

Sig Giovanni Goria, the Treasury Minister, has declared that the reduction has been made possible by the slowing in the retail price index.

In July, the annual rate of inflation dropped to slightly over 15 per cent from 16 per cent the month before, and some analysts expect the pattern to continue. ... ...

For its part, the new Government is committed to reduce inflation to an average 10 per cent in 1984, and thus bring Italy back near the European mainstream.

No sacrifice

The relaxation in interest rates, however, is also being taken by some as a sign that Rome is not prepared to allow hopes of economic recovery to be sacrificed to the need to protect the lira.

Last week, the U.S. dollar reached a record here of L1,625, although it had fallen back to L1,616 before the long mid-August holiday closure.

In his concluding speech in the Senate confidence debate at the weekend, Sig Bettino Craxi, the Socialist Prime Minister, said it was pointless for European central banks to intervene to control "a phenomenon caused by economic and political factors in the U.S"

He indicated strongly that Italy would be in touch with its Community partners to promote a joint EEC initiative to impress upon Washington the consequences of its current policies.

Rival forces dig in amid lull in Chad conflict

BY OUR FOREIGN STAFF

RIVAL FORCES in the Chad conflict are establishing their positions amid a lull in the fighting, according to reports from the capital, N'Djamena.

Contingents from the 500-strong French force are in place at the towns of Salal and Abeche which occupy strategic points on the route south from Faya-Largeau, which fell into the hands of the Libyan-backed forces of M. Goukouni Oueddei last week.

In a press conference in N'Djamena yesterday, the Government's Information Minister, Soumaila Mahamat, said that the town of Oum Chalouba, 400 miles north-east of the capital, was still held by government troops.

He described the military situation over the past two days as "stationary." But he told journalists that President Hissene Habré had renewed his appeal for increased French military aid in an hour-long meeting on Sunday with M Guy Penne, President Francois Mitterrand's adviser on African affairs.

Although France has provided substantial arms supplies, the 500 paratroops are so far limited to an advisory capacity. France has said, however, that the paratroops would defend themselves if attacked.

Meanwhile, Reuter reports from Beirut that M Oueddei has called for the withdrawal of troops sent by France and Zaire before peace talks can start, according to the Libyan news agency, Jana.

Jana said that M Goukouni's position was stated in a letter to the Ethiopian leader, Col Mengistu Haile Mariam, current chairman of the Organisation of African Unity (OAU).

Jana said M Goukouni affirmed his "readiness to cooperate with the OAU to realise a just, peaceful and permanent solution to the Chadian internal problem."

Zaire has sent around 2,500 combat troops to support the Habré Government, while the U.S. has sent weapons and trainers.

M Goukouni repeated a call to the OAU to send a fact-finding mission to investigate repeated reports of Libyan intervention in the conflict, which Tripoli denies.

Two state governors lose posts in Nigeria polls

BY QUENTIN PEEL IN LAGOS

TWO NIGERIAN state governers have lost their seats in the first results declared from the gubernatorial elections held last Saturday.

The results came amid signs of continuing tension in various parts of the country, but no major incidents of unrest.

Police in Ibadan, the capital of Oyo State, confirmed that at least nine people had died in the city in violence at the weekend, and have banned meetings and rallies in the state for the next two weeks.

In Plateau State, a dusk-to-dawn curfew has been imposed following tension generated by a "false and unauthorised" announcement of the election results, the News Agency of Nigeria reported.

In Anambra State, one of two solidly Ibo states in eastern Nigeria, governor Jim Nwobodo of the Nigerian People's Party (NPP) was defeated by Chief Christian Onoh of President Shagari's ruling National Party of Nigeria (NPN), by 901,300 votes to 887,221.

The state is the home of both Dr Nnamdi Azikiwe, leader of the NPP, and of Chief Emeka Ojukwu, the former Biafran leader who declared his support for the NPN last year, and who has split the Ibo vote.

The NPN also captured Bendel State from the Unity Party of Nigeria (UPN). Dr Samuel Ogbemudia of the NPN, a former military governor of the state, won 56 per cent of the vote against 41 per cent for Prof Ambrose Alli, the outgoing governor.

Early forecasts suggest that the NPN may itself lose Kwara State to the UPN which would slightly mitigate what appears to be a bandwagon effect benefiting President Shagari's party after his victory in the presidential poll last week.

Control of Lagos and Ogun states remained solidly UPN while Bauchi was held by the NPN incumbent. Other results are still awaited.

Today's return to Zimbabwe of Mr Joshua Nkomo, the Zapu leader, is getting low-key treatment in Harare with a Government spokesman describing him "as just another fugitive returning home," our Harare correspondent reports.

Zimbabwe's main newspapers, radio and television are showing little interest in the story.

There was no question of Mr Nkomo being arrested on his return, the spokesman added. Mr Nkomo is expected to participate in tomorrow's Parliamentary debate in which the Government is seeking to have him removed from Parliament

The Government needs 51 votes to secure Mr Nkomo's expulsion, but is being urged to withdraw the resolution as a gesture designed to reduce ill-feeling between Mr Nkomo's minority Zapu party and the ruling Zanu-PF party of Mr Robert Mugabe, the Prime Minister.

Oil glut 'unlikely to hit new Saudi national plan'

BY MICHAEL FIELD

THE SAUDI Arabian Deputy Planning Minister, Mr Hussein Sagini, said in Riyadh yesterday that he did not expect the Kingdom's Fourth National Plan, which will run from 1985 to 1990, to be affected by the current oil glut.

He added, more specifically, that oil revenues during the life of the next plan were expected to continue at near current levels. At present, Saudi Arabia is producing about 5.4m-5.5m barrels a day and exporting about 4.7m b/d at a price of $29 (£19.50).

Mr Sagini's remarks give an early indication of the likely size of the Fourth Plan. If the oil market improves and Saudi revenues expand, it is assumed that ministries, provincial governors and other government authorities will add projects to the plan, as has been the common Saudi practice in the past.

The Fourth Plan is expected to emphasise the maintenance of existing projects—which have already become a huge burden on the Ministry of Health's budget—science and technology, oil and gas basic industry and the further development of the provinces, which has only begun on a large scale in the last three or four years.

It is also assumed that a further major effort will be made to develop the Kingdom's manpower resources in order to reduce its dependence on imported foreign expertise.

At present, a special committee is investigating the role of women in the Saudi workforce, which is an extremely sensitive issue on religious and social grounds.

According to Mr Sagini, the committee is expected to make its recommendations in the next two or three months.

The main reductions in spending in the Fourth Plan will probably be in infrastructure, which absorbed 50 per cent of disbursements in the Second Plan and is taking 35 per cent in the Third, and in the vast range of subsidies which the Government gives to Saudi consumers and investors.

This latter item is again highly sensitive. The state has already removed subsidies on barley and frozen meat and it is admitted in the Planning Ministry that further rationalisation of the programe is needed.

It is thought that any new subsidies policy will be worked out in co-operation with the other Arabian oil states in the Gulf Co-operation Council.

In a separate statement yesterday, Mohammad Aba Al Khil, Saudi Minister of Finance, said that Saudi Government spending in the first four months of the current financial year, which began on April 14, was 6 per cent lower than in the eqivalent period of last year.

It ran at SR 69bn (£13.2bn) well below a third of the spending predicted in April's budget.

It was realised soon after this year's budget was announced that the document was based on over-optimistic revenue predictions and in May, all spending agencies had their allocations cut by 25 per cent and were told not to embark on any new projects.

The low spending figures for the four months to August 8 shows that these tough restrictions on the spending agencies have had an effect.

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Robert Cottrell in Hong Kong assesses the progress of talks between Britain and China on the future of the UK colony

1997 deadline allows time for tea in Peking's talking shop

IN MORNING MEETINGS punctuated by rounds of the Chinese sweetmeats called dim sum, British and Chinese delegations are discussing in Peking the future of Hong Kong, Britain's last major colony. Three rounds of talks have taken place since the delegates first met face-to-face on July 12. Another will begin on September 22.

Morning meetings are favoured, to get the talking over before the heat of Peking's summer becomes too oppressive. The dim sum breaks allow the delegations to huddle into private discussion of any departures from the prepared texts with which they enter the negotiating room—the hall of a guest house belonging to the Chinese Foreign Ministry.

The meetings are formal and ponderous. The talking is done only by the leaders of the respective delegations—Sir Percy Cradock, British ambassador to Peking, and Yao Guang, Chinese Vice-Minister of Foreign Affairs. Sir Percy musters all the gravitas of a veteran British diplomat and Yao is reputed to have reserves of solemnity remarkable even in Peking. But at least a dialogue is taking place, and fears that Hong Kong might vanish down a gulf created by Chinese and British obstinacy can for the time being be allayed.

The agenda for the talks is confidential, but must be reckoned a masterpiece of circumlocution. It could hardly, for instance, contain a reference to 1997—the year whose symbolic power is all pervasive in Hong Kong, sending stock markets crashing and the Hong Kong dollar plunging to record lows.

It is the year in which Britain's lease over nine-tenths of Hong Kong expires, and by which time an accommodation with China must be reached. But China does not recognise the lease, and would not wish apparently to confer legitimacy on it by conceding significance to 1997 as a date on the formal agenda.

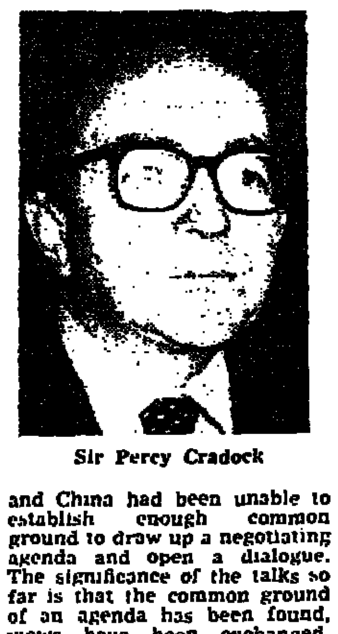
China argues that Britain obtained Hong Kong through unequal treaties extracted through gunboat diplomacy, and that the whole of Hong Kong is rightfully China's—even though two treaties ceded Hong Kong Island and southern Kowloon to Britain in perpetuity. The lease over the New Territories runs a term of 99 years from 1898.

A way has also had to be found to fudge on to the agenda the issue of sovereignty. sovereignty over Hongkong has had to be acknowledged as a component of the negotiations, but without implying to whom that sovereignty belongs either now or in the future. Through such verbal pirouettes have these negotiations become possible.

As for what the two sides are saying to each other, that is scarcely the secret which it is usually clamed to be. China is telling Britain that sovereignty over Hongkong belongs to China, that China will decide how to administer Hong Kong in future, that the form of such administration is to be local autonomy under Peking sovereignty, and that Britain's only duty is to assist in maintaining Hongkong's prosperity and stability as far as proves necessary while British authority is dismantled.

Britain is telling China that the best, if not the only way of assuring Hong Kong's continued prosperity and stability is through a continuing British-linked Administration, that such a linkage is necessary to insulate a capitalist Hong Kong from a communist China. Britain is indicating that perhaps some compromise could be reached, accommodating a British-linked administration with acknowledged Chinese sovereignty.

The two negotiating positions are essentially those which have prevailed since Mrs Margaret Thatcher, the British Prime Minister, visited Peking last September and agreed with Chinese leaders that the long-quiescent issue of Hong Kong's future must be formally resolved. But until the Peking talks of recent weeks, Britain



Sir Percy Cradock

and China had been unable to establish enough common ground to draw up a negotiating agenda and open a dialogue. The significance of the talks so far is that the common ground of an agenda has been found, views have been exchanged, and the two sides consider it worthwhile to carry on talking despite continuing differences.

In creating the common ground for these talks, the fudging of the sovereignty issue was an important part. A more fundamental factor is that in June China's National People's Congress and Britain's general election consolidated the power of Deng Xiao-ping and Mrs Thatcher respectively, perhaps giving the two leaders the flexibility to address the Hong Kong issue in a less rhetorical and more constructive fashion

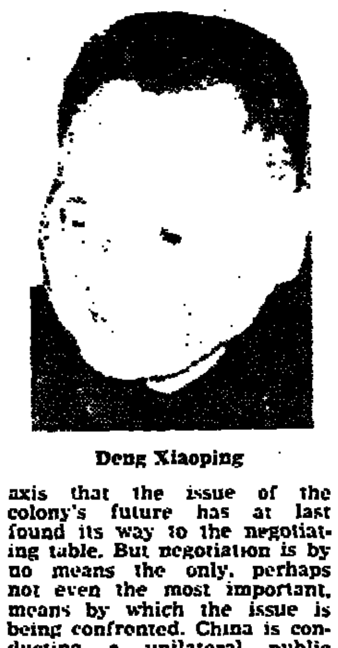
At the same time, both countries realise that they have too much at stake elsewhere to allow their relations to break down over this small colony.

Strategically, both share a deep distrust of the Soviet Union. Peking is looking for Western help in the "fourth modernisation" of its armed forces, and appreciates British support in persuading other members of CoCom, the Western body applying an embargo on technology transfer to communist countries, to show flexibility.

The Chinese also want a successful outcome over Hong Kong as this could encourage Taiwan to move towards closer links with the mainland.

For its part, Britain, though not prepared to modify its negotiating position for business reasons, is keeping an eye on the huge commercial opportunities open as China seeks to develop its economy British officials are delighted that Peking should have made a point of awarding the first offshore oil exploration contract to BP, have agreed on a joint project with Cable and Wireless, and are still interested in British participation in the Guandong nuclear plant.

There is undisguised relief along the Hongkong-British



Deng Xiaoping

axis that the issue of the colony's future has at last found its way to the negotiating table. But negotiation is by no means the only, perhaps not even the most important, means by which the issue is being confronted. China is conducting a unilateral public campaign, Britain a private one.

While Britain and China have agreed that the substance of the Hongkong talks should be confidential, China has not felt constrained from commenting freely on its aspirations towards Hongkong through quasi-official channels — speeches from second-line officials, leaks to sympathetic newspapers, stage-managed contacts with non-governmental Hongkong organisations.

In what amounts to an overt hearts-and-minds campaign, China has striven to present its resumption of power over Hongkong as a *fait accompli*, thereby undermining the perceived authority of Britain and seeking to fire nationalistic sentiment by inviting Hongkong Chinese to resume their own territory.

While China is reaching out to the Hong Kong people, Britain is reaching out privately to China's leaders, trying to persuade them that they do not understand Hong Kong, that they could not oversee its free-wheeling capitalist prosperity, and that the resulting economic and social damage to Hong Kong would also have its implications for China.

A feature of the recent Peking talks is thought to have been the presentation to Chinese leaders of British-prepared papers analysing how Hong Kong works, and the extent to which its internal functioning depends on its administrative relationship with Britain.

The efficacy of Britain's private campaign can scarcely be judged, but the necessity for it is apparent in the naivety for ignorance towards Hong Kong's way of life and work seemingly widespread in China. While China has every right to pride itself on the achievements of its new economic policies, there remains a vast gulf of sophistication and expertise between Hong Kong and the mainland. Chinese leaders appear to believe that this gulf can be closed in the next one to two decades but it would tax the imagination and optimism of most Hong Kong businessmen.

If China's understanding of Hong Kong is imperfect, it has in any case argued explicitly that it does not plan to absorb the colony, but to allow Hong Kong to manage itself without even the presence of officials despatched from Peking. On such a basis, China says, capitalism and communism could co-exist in one country. It is the British-Hong Kong contention, probably argued more forcefully by the Hong Kong end of the axis, that such co-existence is impossible, and that in the long run Hong Kong's capitalist prosperity would be eroded or engulfed.

Much more talking is likely to be necessary before any detailed resolution of Hong Kong's future can be reached. If talks went well, some sort of preliminary statement might be made to bolster Hong Kong's confidence. If, that is, a settlement is to be reached involving a phased long-term British withdrawal. It is not apparent that, by entering negotiations, China wishes to suggest that it has committed itself to a negotiated settlement.

IMF heartened over Egypt

By Charles Richards in Cairo

AN INTERNATIONAL Monetary Fund mission leaves Cairo today with no agreement reached on the possible provision of standby credit facilities for Egypt but greatly encouraged by what the mission leaders called a significant changes in the direction of economic policy."

Dr Abdel Shakour Shaalan, director of the IMF's Middle East Division, said that negotiations had not been conclusive during this current round of talks, and would continue.

Iraqi President dismisses his Finance Minister

BY PATRICK COCKBURN

Iraq's President Saddam Hussain has dismissed Mr Tamer Razzouki, the Finance Minister, Baghdad radio said yesterday.

No reason was given for the dismissal but Iraq's financial position has declined rapidly since the start of the war with Iran in 1980. The new Finance Minister is Mr Hisham Hassan Tawfiq, formerly under secretary at the ministry.

By the end of last year, Iraq's foreign assets had fallen to \$1.2bn outside the U.S. compared to over \$25bn at the end of 1980. The country's oil exports have fallen to 650,000 b/d and aid from Saudi Arabia and other Gulf states has been less than in earlier years.

Iraq also gets the revenue from 250,000 b/d of oil produced by Saudi Arabia and Kuwait, according to oil company officials.

Britain's Export Credit Guarantee Department has been seeking to reach a credit arrangement with Baghdad worth about \$200m since the beginning of the year, but this has proved difficult to arrange.

This will be used for the completion of projects on which British companies are working. The supplier credit will be used primarily by three companies which signed contracts in 1981: Kier International, a subsidiary of French Kier, Paterson Candy International, and John Laing Construction.

British companies have a much smaller stake in construction in Iraq than many other industrialised countries, notably Japan, West Germany and France.

S. Africa Reserve Bank to modify market role

BY BERNARD SIMON IN JOHANNESBURG

SWEEPING changes in the South African exchange market are likely to be introduced on September 1, the Reserve Bank has told local banks.

The adjustments, designed to make the exchange rate of the rand more responsive to market forces, include a more passive role by the Reserve Bank in the market.

Bankers were told at a meeting in Pretoria last week that the Reserve Bank will no longer quote its own exchange rate for the rand, but will intervene in the market to hold the currency within an undisclosed range suited to the authorities' macro-economic policies.

The bank has up to now played a dominant role in foreign exchange dealing. Its tight hold on the market was entrenched by the requirement that foreign currency proceeds of all gold bullion and diamond receipts, accounting for roughly half of South Africa's total export earnings, be channelled through the bank.

From September 1 however, mining houses will be paid for their gold in dollars which they will sell to privately-owned South African banks. The banks will thus have access to a far larger pool of foreign currency.

Mines' hopes that they will be allowed to hold the dollars for longer than the seven-day limit prescribed for other exporters have apparently been dashed. But the Reserve Bank has indicated that it will consider at a later stage extending the limit for all exporters to 30 days.

Standard Bank Investment Corporation said yesterday that, given the high priority of bringing down the inflation rate, the Reserve Bank's intervention policy will probably be aimed at holding up the rand. The currency has dropped by about two U.S. cents in the past fortnight.

Bankers were also told last week that the Reserve Bank will gradually take a less active part in the forward market. At present, it sets rand/dollar forward rates and provides forward cover to the banks.

The central bank's participation in the forward market will be phased out gradually, probably over a period of three years.

Gandhi faces big problems in Sri Lanka mediation

BY K. K. SHARMA IN NEW DELHI

INDIA'S Prime Minister, Mrs Indira Gandhi, faces major hurdles in carrying out her role of mediating between the Sri Lanka Government and the minority Tamil community now that the visiting leader of the Tamil Liberation United Front has made it clear that he will not dilute his demand for a separate Tamil state.

The Front's leader, Mr A. Amirithalingam, who met Mrs Gandhi on Sunday soon after his arrival in New Delhi from Colombo, yesterday issued a statement saying that the Tamils would never give up their demand for a separate country.

Sri Lanka's President, Mr J. R. Jayewardene, has agreed that Mrs Gandhi should use her good offices to try to find a solution to the Tamil problem of the violence-racked island only if the proposals discussed do not involve partition of the country.

Mrs Gandhi now faces the difficult task of persuading the Tamils to abandon their demand for a separate homeland. If this is not possible, her mission seems headed for failure.

Mr Amirithalingam has met some Indian Ministers and politicians and is to meet Mrs Gandhi again today. The negotiations are likely to be prolonged and it is possible that Mrs Gandhi will send an emissary to Colombo.

Lee optimistic on growth

SINGAPORE — Singapore's economy is expected to grow by 6 to 7 per cent this year, much better than earlier predicted, Prime Minister Lee Kuan Yew said.

Addressing a National Day rally, Mr Lee said, however, that his forecast was based on the assumption that the U.S. will continue its economic recovery.

Singapore recorded a growth rate of 6.3 per cent last year, the lowest since 1974. Mr Lee had earlier said Singapore's growth rate might drop below 4 per cent in 1983. Reuter

Israeli Cabinet agrees to prune defence spending

BY DAVID ROGERS IN TEL AVIV

THE ISRAELI Cabinet last night agreed to prune defence spending over the next two years, clearing the way for a broad package of budget cuts and new taxes.

For two days the Cabinet had been bickering over how far defence expenditure should be affected by Treasury austerity measures. Some ministers argued that Israel's long-term defence capability was at stake.

Eventually the Government agreed to cut Sh16bn (\$290m) from defence spending over the next two years, some Sh4bn less than, Mr Yoram Aridor, the Finance Minister, had been proposing.

At one point Mr Aridor threatened resignation if defence costs were not cut. His partial victory will strengthen his hand in pressing for other cuts during the next two days.

The Treasury wants a total of \$1bn in public expenditure savings that will affect education, health and agriculture. Its proposals, which are sure to meet strong trade union opposition, include a tax on bank accounts, an increased tax on Israelis travelling abroad.

WORLD TRADE NEWS

Canadians protest over U.S. tax law

By Nicholas Hirst in Toronto

THE CANADIAN Finance Minister M Marc Lalonde has sent a letter of protest to Mr Donald Regan, the U.S. Treasury Secretary, outlining Canadian concern over the increasing use of unitary corporate taxes in the United States. Some U.S.$700m annually was paid by Canadian interests under the tax system.

The Canadian action follows a similar recent protest by the British Chancellor of the Exchequer Mr Nigel Lawson, and adds to the growing international pressure on the Reagan Administration to outlaw and practice.

Formal and informal protests have also been lodged with the Reagan Administration by the Dutch Government and the EEC.

Under the unitary tax system individual U.S. states tax multinational company subsidiaries on the basis of a share of their parent company's worldwide earnings rather than on the more usual method of the profit earned within the state.

"We take strong exception to the application of unitary tax," said Mr Terry Colli, staff economist at the Canadian Embassy in Washington. The letter to Mr Regan makes three main objections:

- that it leads to double taxation;
- that it places a heavy burden on companies reporting requirements;
- that other countries and American states may emulate the practice.

Twelve U.S. states are now using unitary taxation and Florida has recently passed legislation to follow suit.

Concern that the practice would spread increased in June when the Supreme Court ruled against an application by Container Corporation of America, a subsidiary of Mobil Oil, to declare the Californian system of unitary taxation unconstitutional.

The Supreme Court made it clear its ruling applied only to U.S.-based multinationals, leaving the possibility that an application by a foreign-based corporation would be decided differently.

Alcan Aluminum of Montreal is trying to get the Supreme Court to hear its case against California.

Frank Gray, recently in Lisbon, on restructuring efforts

Port exporters explore potential

PORTUGAL'S port wine exporters will press the new Socialist, Social Democrat coalition Government of Sr Mario Soares for support in restructuring the industry in order to boost flagging export sales.

They have also launched a separate marketing drive to improve sales to a number of traditional European markets and to make inroads into the potentially lucrative U.S. market, which currently only takes 1 per cent of all port wine exports.

But the shippers, grouped under the Associacao dos Exportadores de Vinho do Porto (port wine exporters association), are most concerned about their own diminishing influence in the port wine producing industry at a time of stagnating sales, inflation and what they describe as "oppressive" Government regulation. The grapes producing port wine are grown only in the Douro Valley in northern Portugal, for more than 250 years one of the world's most highly regulated wine-growing regions.

Last year, the Douro region produced some 1.3m hectolitres of wine, half of which went into producing port. Much of the remainder is sold locally as a rather rough table wine, or is converted into brandy used in fortifying the wine and bringing about its conversion into port.

The exporters point out that for decades the administration of the industry was undertaken by an evenly balanced triumvirate of groups comprising their own association, representing the shippers; the Casa Douro, the association of 25,000 growers; and the Instituto do Vinho do Porto, the port wine institute, the Government's chief regulatory agency.

But this system was fractured with the 1974 Portuguese revolution and the state intervention in industry, nationalisation and social reforms that accompanied it.

The port wine institute became the chief decision-making organisation for the industry, and the Casa Douro, which has the power to control grape prices and control harvesting, entrenched itself on behalf of the growers.

The association argues that the production of port is becoming too costly in a labour-intensive industry.

Nearly 90 per cent of all port is exported. Last year, exports totalled 572,000 hectolitres, or about 14m imperial gallons. Although 1982 was promoted as a year of export, sales failed to climb to the record 1979 levels of 628,690 hectolitres. A compensating factor is that inflation pushed export values to 9.7bn escudos (£60m) last year, up from Esc 5.8bn in 1979.

This represents about 3 per cent of all Portugal's exports. The association insists that the figure is substantial enough to merit the Government considering the expoters' interests more seriously.

The exporters are particularly concerned about high interest rates and want the Government to consider concessional borrowing arrangements for them.

The industry is unique in industrial terms because law requires two thirds of production to be held in stock, with just one-third allowed to go to the marketplace each year. And it takes three years to produce a bottle of port.

These natural and legal limitations weigh especially heavily on the borrowing requirements of the industry, which does not have the ability to turn over its capital as quickly as many wine makers and distillers.

The asociation's members, dominated by such big British concerns as Sandemans, Cockburn Smithes, Croft and Taylor, feel that much progress could be made in updating the methods of harvesting the Douro's grapes.

They have sought, but have not yet received, any Government authorisation to plant new grapes on the craggy Douro valley floor and to harvest other flatlands grapes by more cost-efficient methods. They acknowledge that it is a difficult battle, given the interests of the growers.

The association says its views gained support under the previous Government of Sr Pinto Balsemao, but little action could be undertaken because of the Government fragility, which led to the dissolution of Parliament and the elections of April 25.

The exporters now hope that Sr Soares will honour his election pledge to "put socialism in the drawer" and consider the needs of the private sector.

Japan confident of rise in exports of still cameras

TOKYO—Japanese exports of still cameras are expected to rise about 12 per cent in 1983 to 11.82m units from 10.52m last year, officials of the Japan Camera Industry Association said.

They said customs-cleared exports of cameras in the first half-year totalled 5.55m, up 8.1 per cent from a year earlier.

The rate of increase will rise further in the second half-year because some Japanese manufacturers are starting full-scale exports of disc cameras, they said.

The officials attributed the increase in the first half year to brisk sales of medium-class cameras to the U.S. and Europe.

They said exports of medium-class lens shutter cameras to the U.S. rose 77.2 per cent in the first half-year from a year earlier to 770,000 units, and those to the EEC were up 28.8 per cent to 850,000.

Total camera exports in the period included 2.54m high-class single-lens reflex cameras, down 13.7 per cent from a year earlier, 2.78m medium-class lens shutter cameras, up 38.4 per cent, and 272,000 disc cameras, up 647 per cent, they said.

- The Export-Import Bank of Japan said it has contracted to provide 10-year low-interest loans, in co-operation with Japanese financial institutions, to two Japanese companies engaged in joint natural gas development in waters off Thailand.

They are the South-east Asia Petroleum Exploration which borrowed Y21.3bn and Mitsui Oil Exploration which received Y43.6bn at undisclosed interest rates.

South-east Asia Petroleum is 63 per cent owned by Mitsui Oil and 37 per cent by National Oil of Japan.

Banking officials said nearly 70 per cent of each loan consists of low-interest funds from the bank carrying interest at around 7.6 per cent per annum.

The remaining 30 per cent is provided by the financial institutions at interest rates above the Japanese long-term prime rate, currently 8.4 per cent. Reuter.

China keen to strengthen trade links with Europe

BY COLINA MACDOUGALL

CHINA is keen to develop trade and political relations with Europe, Peking's Foreign Minister Wu Xueqian said yesterday. The official People's Daily said Mr Wu told a visiting delegation from Denmark that China wanted to strengthen its links with the Community and develop its economic, technological and scientific ties abroad to aid its modernisation programme.

Last spring a senior Chinese delegation, led by Foreign Trade Minister and politbureau member Chen Muhua, toured major European countries including Britain and pledged to import more from the Community, which had a $300m deficit with China last year. This has not yet shown up significantly in orders for equipment from Europe but may do so when the Chinese finalise details of their modernisation plans.

The Chinese delegation also said China wanted to boost exports to the Community, its fourth biggest trading partner. However, these are hampered by European reluctance to take more textile exports. Talks on a new textile agreement (the present one expires in December) have so far been fruitless.

Other contacts between China and the Community are likely to increase. Last spring Hans-Dietrich Genscher, Community Council president, said the Community would explore ways to have regular political contacts with China on international issues, as it does with Japan and South East Asian countries.

China is also eager for European investment, for which scope is slowly but steadily growing. Guangdong province, which adjoins Hong Kong, reported in early August that contracts with foreign firms for co-operative ventures now totalled over 20,000 and were worth $4.2bn, of which $900m has been committed. Scope for European companies in the development of China's offshore oil is likely to be considerable.

Malaysia and S. Korea negotiate barter deals

By Chris Sherwell in Kuala Lumpur

COMMERCIAL and economic ties between Malaysia and South Korea, already substantial, are expected to be further strengthened following the week-long visit to South Korea by Dr Mahathir Mohamed, the Malaysia Prime Minister.

A significant development was an understanding on barter trade, under which South Korea will purchase crude oil, other commodities and small manufactures in exchange for the sale to Malaysia of ships. Malaysia has previously expressed interest in buying two bulk carriers.

While details are still to be finalised, the understanding is the first breakthrough in Malaysia's efforts to promote barter trade in its international commercial dealings.

Dr Mahathir's visit also secured:

- South Korean interest in manufacturing garments in Malaysia for which it has reached quota limits, in its exports to industrialised countries. Malaysia has $16m of unused quotas on three items under specific consideration;
- South Korean proposals for joint ventures in chemicals-based products, minerals and furniture;
- Agreements for the transfer of South Korean technology and Government exchanges in training and research.

Visa requirements will also be liberalised, helping hundreds of South Korean engineers and technicians working in major construction projects in Malaysia.

Dr Mahathir's visit underlined his "look east" policy of emulating Japanese and South Korean work ethics.

The Malaysian leader is committed to an economic development policy emphasising heavy industries and his visits to industrial plants were widely reported at home.

In particular, he used his visits to two car factories to demonstrate the viability of his "made in Malaysia" car project, which has been widely criticised.

Dallas referendum approves $8.9bn mass transit scheme

BY PAUL TAYLOR IN NEW YORK

VOTERS IN the Dallas area in Texas have approved an $8.9bn, 28-year regional transit programme including proposals to double bus services in the region and construction of 160 miles of surface rail routes.

About $480m in federal government funds will be spent on improving bus services, but the rail network, which will cost about $3.4bn, will be financed entirely by local funds collected through a 1 percentage point increase in local sales tax. International tenders are expected to be let soon.

Supporters of the scheme, which will be the largest public works programme in the city's history, said it was Dallas's last chance to avoid choking traffic congestion forecast by the end of the decade. Their victory followed several earlier defeats including a 1980 vote in which residents turned down the proposed Lone Star Transportation Authority which would have served Dallas and Fort Worth. Earlier this year a separate $2.3bn subway proposal was rejected in Houston.

The vote, which established the Dallas Area Rapid Transit System (Dart), came in a bitterly contested referendum at the weekend following years of lobbying by proponents and opponents of the scheme.

Residents in seven of the 21 cities voting on the plan decided not to take part in the transit scheme which was widely supported by business interests and by those in the more affluent North Dallas suburbs, but opposed by many in the lower income sections of the region, who argued that it was too costly and questioned whether the proposed network woud adequately serve community needs.

About 23 per cent of those eligible to vote cast their ballots in the referendum and the proposals was approved by 58 per cent of the 177,000 who voted.

- American coal exports are likely to make up only a small percentageof overall U.S. production because of foreign competition, according to a congressional study released at the weekend.

The General Accounting Office, Congress' investigating branch, released a two-year review of the U.S. coal industry which concluded that American companies will be unable to compete with lower-priced foreign suppliers.

India to set up £3.6bn fertiliser plant projects

BY K. K. SHARMA IN NEW DELHI

THE INDIAN Government has announced it will set up six new gas-based fertiliser plants, each with a production capacity of 1,350 tonnes of ammonia and 2,250 tonnes of urea a day.

The plants will involve a total investment of Rs 56bn (£3.6bn) and substantial equipment for them will be imported. Present estimates are that about a third of the cost will be used for imports of equipment.

The Government will set up one of the plants while four will be privately established and owned. The sixth will be set up by farmers' co-operatives.

The four private companies selected for the plants are Zuari Agro Chemicals at Sawai Madhopur in Rajasthan; Tata Chemicals at Babrala; Shriram Fertilisers and Chemicals at Shajehanpur and Pradeshiya Industrial and Investment Corporation at Jadishpur, all in Uttar Pradesh.

The fertiliser industry is considered to be in the core sector in which the large so-called monopoly houses and foreign companies are allowed to invest and expand their operations. Under India's industrial licensing laws, large and foreign companies are banned from investments in all but the core sector and in export-oriented units.

Despite 28 plants in the public sector, 15 in the private sector and three in the co-operative sector, India spends substantial foreign exchange on fertiliser imports annually in a bid to boost agricultural production. Hopes are to save this foreign exchange by becoming self-sufficient in fertilisers.

Clark set to eclipse Shultz as Reagan's foreign policy supremo

BY ANATOLE KALETSKY IN WASHINGTON

ALTHOUGH Mr George Shultz is unlikely to resign his post as U.S. Secretary of State before next year's Presidential election, his influence with President Ronald Reagan is waning and he would probably decide to leave the Administration if Mr Reagan were re-elected for a second term, officials in the State Department and the White House believe.

Mr Shultz has vehemently denied press reports that he has threatened to "go back to California" if he continues to be bypassed on major foreign policy decisions, but there is little doubt that he is gradually being displaced by Mr William Clark, the President's National Security Adviser, as the Administration's powerful foreign policy figure.

This shift could presage a greater emphasis on shorter-term political calculation, as well as on Mr Reagan's original conservative doctrines, in the conduct of U.S. diplomacy ahead of the election, according to some officials.

So far, the differences have surfaced most strikingly over Central American policy, which has been conducted almost entirely out of the White House rather than the State Department, since the abrupt dismissal in May of Mr Thomas Enders, the assistant Secretary of State for inter-American affairs.

This action is known to have been made at Mr Clark's behest. Since then Mr Philip Habib, the President's special envoy in the Middle East has been replaced by Mr Robert McFarlane, Mr Clark's deputy at the National Security Council and Mr Clark has also been appointed chairman of a new inter-agency council to oversee the Administration's arms control policies.

Officials say that there are two reasons for the increase in Mr Clark's influence, despite the fact that he has no diplomatic experience and has been noted in the past for his reluctance to express strong personal views on the detailed conduct of foreign affairs.

The most important is simply Mr Clark's close personal relationship with the President. He has served Mr Reagan in various capacities for 17 years, starting as a Secretary to the California State Cabinet when Mr Reagan was Governor there.

Mr Clark . . . emphasis on conservative doctrines

Since his appointment as National Security Adviser early last year, Mr Clark is believed to have won even more access to the President than the "big three" domestic policy advisers, Mr James Baker, Mr Edwin Meese and Mr Michael Deaver, who are generally regarded as the most powerful men in the Administration.

The second reason for Mr Clark's growing pre-eminence has been the disappointment in the White House about the absence of any clear-cut foreign policy successes under Mr Shultz. This is believed to have been a particularly important factor in the declining support for Mr Shultz among the White House political staff, led by Mr Baker.

Mr Baker is not, in principle, a supporter of the "ideological" approach to foreign policy represented by Mr Clark and by Mrs Jeane Kirkpatrick, the highly opinionated U.S. Ambassador to the UN and former conservative academic, on whom both Mr Clark and Mr Reagan frequently rely for detailed foreign policy advice.

Mrs Kirkpatrick, as part of the Administration's efforts to emphasise its record of appointing women to senior positions, has been mentioned as a likely successor to Mr Shultz should he step down as Secretary for State.

Jimmy Burns in Buenos Aires explains how the Finance Minister's skill was tested to the limit

Argentina wins breathing space in bitter debt battle

BARRING a last-minute upset, Argentina should this week take a major step towards a temparary solution to its $39bn (£26bn) foreign debt problem by finalising a series of agreements with foreign creditors.

The agreements are part of a rescheduling programme ironed out under the auspices of the International Monetary Fund (IMF) last December and focus on the following interrelated aspects:

● A $1.5bn commercial bank loan from a group of 263 foreign banks, $500m of which will be drawn down in a first tranche.

● The final $300m tranche of a $1.1bn bridging loan which is to be used to bring interest payments on public debt up to date.

● The next tranche of the $1.5bn IMF standby credit, of which $625m has already been disbursed in two tranches.

● The refinancing of $250m of debt with the state airline Aerolineas Argentinas, which is expected to act as a model for the settlement of a total of about $6bn of state and state-guaranteed debt falling due in 1983. The Aerolineas deal should pave the way for the refinancing by the end of September of debts of the state oil company Yacimientos Petroliferos Fiscales (YPF) and the two state electricity companies, SEGBA and Agua Y Energia del Estado.

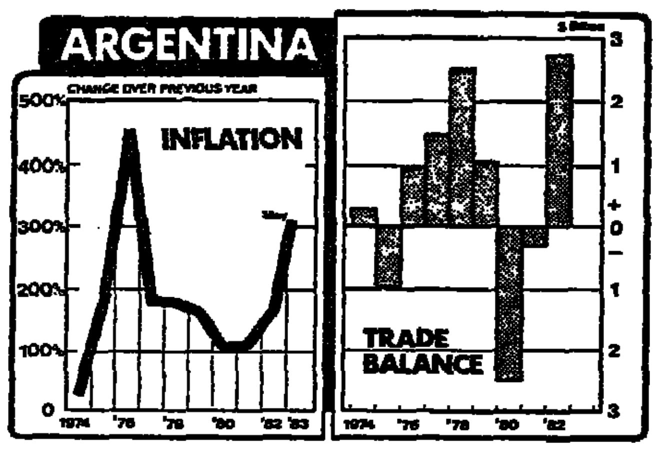
Few men in Argentina are as widely caricatured and criticised as Sr Jorge Wehbe, the Economy Minister, and Sr Julio Gonzalez del Solar, the central bank governor. Yet the breakthrough in Argentina's debt negotiations must in large measure be put down to the skill of these two personalities against enormous odds.

Apart from the reluctance of foreign bankers to deal lightly with Argentina in the aftermath of the Falklands debacle, both men have had to manoeuvre through a morass of political pressures both at home and abroad.

At home, the main opposition has come from hardline nationalists, both inside and outside the armed forces, who do not want to bend to the demands of the United States and Europe—particularly Britain—after a war which cost the lives of over 1,000 young Argentines. These people have favoured drastic retaliation, such as a debt moratorium and the confiscation of all British assets in Argentina.

Abroad, Argentina's debt negotiators have not been helped by the attitude taken by Mrs Margaret Thatcher, the UK Prime Minister. Officials at the Economy Ministry last week found it hard to contain their anger at what they regarded as a blatantly unfair move. Mrs Thatcher insisted that the British banks' signature on the $1.5bn loan agreement should be conditional on Argentina first getting the green light from the IMF.

Earlier, after weeks of delicate pushing and shoving with military officials, Argentina's economic team had managed to secure changes in one of the matters of most concern to the British Government—the lifting of the most important of the financial sanctions still operating against British companies. Risking a backlash from the nationalists, the Government on Wednesday leaked that it had approved an estimated $10m worth of profit remittances which had been frozen at the outbreak of the Falklands crisis.



Mrs Thatcher's action was apparently influenced by what she regards as renewed Argentine provocation over the Falklands. The Argentine Foreign Ministry has started a major diplomatic offensive aimed at securing international support for the upcoming debate on the Falklands issue in the United Nations General Assembly. Moreover, British troops on the islands have been harassed by Argentine fishing vessels and a naval patrol aircraft.

Nevertheless, Argentine economic officials insist that to bring such developments into the debt negotiations violates the pragmatic attitudes adopted by both sides over a year ago and which have prevailed over nationalist prejudice.

The pragmatic approach, as opposed to a potentially dangerous ideological one, saw its first fruits following the IMF conference in Toronto last September, this argument goes. At the time, anxiety about Argentina's ability to service its foreign debt had persuaded Buenos Aires and the City of London to make mutual concessions, in spite of Mrs Thatcher's earlier insistence that the unfreezing of Argentine assets held in Britain should only take place as part of a general resumption of normal relations, including the lifting of trade embargoes and the resumption of commercial flying rights.

Sr Jorge Wehbe

Recently the prospect of a major Argentine foreign debt crisis has retreated into the background, thanks largely to the traditional versatility of the country's balance of payments. The good fortune of not having an oil bill—Argentina is self sufficient in energy—and a likely bumper grain harvest mean that Argentina has chalked up an estimated trade surplus of $2bn in the first half of this year.

The country's underlying resources have injected a stable element into the still tortuous debt negotiations compared with the potential disasters threatened in Brazil and Mexico. It is Argentina's built-in security—"God must be Argentine," the popular joke goes—that makes the attitude taken by Mrs Thatcher and the more inflexible foreign banks so hard to swallow in Buenos Aires.

Agreement with Argentina's foreign creditors will provide Sr Whebe with a much-needed breathing space, although the country's foreign debt problem has been far from conclusively banished. An IMF mission is due in Buenos Aires later this week to check the country's economic performance in the first six months of the year.

More importantly it will also be looking towards next year when Argentina will again need support from the financial community to help with over $8bn of payments falling due. The IMF is likely to expand its talks to include members of the current civilian opposition.

Leading economists of Argentina's two major political groupings fighting the October 30 elections—the Peronists and the Radicals—insist privately that if they won power they would not renege on Argentina's obligations. They warn, however, that attitudes may harden if the banks and the IMF do not adopt a more flexible attitude, in future debt negotiations.

The Argentines are closely watching developments in neighbouring Brazil, with the view that if Brasilia ever takes the plunge and declares a moratorium, Buenos Aires will have little choice but to follow. "We don't want to be the first. But for political reasons we won't want to be seen to be left behind either," said one Peronist economic adviser last week.

Mexico foreign investment drops sharply

By William Chislett in Mexico City

MEXICO'S attempts to increase foreign investment to help overcome its economic crisis have received a setback with the announcement from the Bank of Mexico that new investment plummeted in the first quarter of 1983 to $19.7m from $478.1m in the corresponding 1982 period.

The decline is partly explained by international concern over the Mexican crisis. The economy has been plunged into its severest recession in 50 years largely because of the burden of servicing the enormous external debt of $85bn.

Foreign investment analysts, however, say the main factors behind the dramatic decline are the Government's confusing policy, its lack of clear definition on how flexible it is prepared to be and the slowness with which decisions are made. These factors, they said, were discouraging investors who view Mexico's long-term future favourably.

The Government says it does not plan to change its foreign investment law, which generally limits foreign participation in a new joint venture to a maximum of 49 per cent. However, it says that it will be more "flexible" in allowing 100 per cent foreign ownership in special circumstances.

Bell System workers step up strike action

BY PAUL TAYLOR IN NEW YORK

THE STRIKE by 675,000 Bell operating system telephone workers escalated yesterday after 38,500 Western Electric Company workers stopped work in support of their own wages and conditions contract claim.

The workers, members of the International Brotherhood of Electrical Workers (IBEW) at Western Electric, the manufacturing subsidiary of American Telephone and Telegraph (AT & T), voted on Sunday to join the strike, effectively closing down most of Western's manufacturing plants.

About 100,000 other union electrical workers went on strike after their old contract with AT & T expired on August 6. They were joined by 525,000 Communications Workers of America union members, including about 47,000 other Western Electric union members, and 50,000 Bell system telephone company employees represented by the Telecommunications International Union.

UK NEWS

BA chief narrows choice on aircraft

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS' choice for a new short-range jet airliner for the mid-1980s and beyond is likely to lie between the Boeing 737 and the McDonnell Douglas DC-9 Super 80 (the MD-80). The rival Airbus A-320 will not be available until 1988 and is too late for BA's immediate needs. A decision by the airline is expected soon.

Lord King, chairman of the airline, said yesterday that while in the longerterm the A-320 might be suitable for the BA fleet, "it remains a paper aeroplane, and I am not in the business of launching new aeroplanes.

"If Airbus Industrie is so confident of success with the A-320, then let them go ahead and build it. Then, if they bring along a nice aircraft that looks right and is right, we would be very interested. But, at present, the A-320 is an untried aircraft.

"We have worked too hard to get this airline right to be able to afford to take a gamble on a new aircraft now."

Lord King said that while both the Boeing 737 and the McDonnell Douglas MD-80 were "level pegging" in BA's studies, some preference might well have to be given to the Boeing 737.

The airline already had 28 of the Boeing aircraft in its fleet, and compatibility of engines and other equipment meant a lot in terms of costs over the life of the aircraft in service.

Shareholders back deal giving Toyota 16.5% stake in Lotus

BY JOHN GRIFFITHS

GROUP LOTUS shareholders yesterday approved without dissent a £6.69m refinancing package for the Norfolk-based sports car maker.

It provides for Mr David Wickins' British Car Auctions (BCA) group to acquire 3m new shares at 40p a share for £1.2m and for BCA to guarantee a £2m credit line; for Toyota of Japan to acquire 2.9m shares and a 16.5 per cent holding for £1.16m; and for a one-for-one rights issue, guaranteed by BCA, to raise £2.33m.

Depending on the rights issue takeup by other shareholders, BCA will have a holding between 17 and 47 per cent and thus is certain to become the single largest shareholder.

An extraordinary general meeting at the Hethel headquarters also saw the appointment to the board of a Toyota representative. Mr Yoshiji Aikawa, the Brussels-based general manager of Toyota's European office operations, will report back to Tokyo on behalf of Mr Maximoto, a senior Toyota board member and the company's director of engineering.

Mr Fred Bushell, Lotus's chairman, confirmed that Toyota and BCA were fully committed to the launch of a new sports car, the M90 in 1985.

Although the £7m to £9m project can be financed only up to prototype stage by the new funds, Mr Bushell made clear that Toyota and BCA had practically guaranteed that it would go into production.

The meeting produced no changes in board structure. The widely reported prospect of a clash between Mr Wickins and the rest of the board over the half year results did not materialise.

Mr Bushell's position remains uncertain. If, as expected, BCA ends up with 27 to 30 per cent of Lotus's expanded equity, it is regarded as certain that Mr Wickins will assume the chairmanship.

Depositors agree to Isle of Man bank plan

By Alan Friedman, Banking Correspondent

AGREEMENT in principle has been reached between the depositors of the collapsed Investors Mercantile Finance deposit taker on the Isle of Man and Mr Owen Lewinton, the present owner of the bank, on a scheme designed to turn the bank into a property company.

Mr Lewinton claimed last night that he had secured the approval of a majority of depositors and is now in talks with Peat Marwick Mitchell, the provisional liquidators and official receivers. Mr Tim Beer, one of the liquidators, said he was willing to consider a proposal from Mr Lewinton.

Investors Mercantile, which was an Isle of Man deposit taker with strong ties to Northern Ireland, had its licence revoked last December and was ordered into liquidation last month. It is believed that a part of the deposit taker's £1.9m deposit base may have come from the Irish Republican Army.

The Royal Ulster Constabulary, the Bank of England and Manx government officials have been investigating the possibility that the deposit taker, which appears to have spent most of the deposits on property, was involved in illegal deposit taking in Northern Ireland.

Mr Lewinton, who purchased the deposit taker in May from a London businessman who had himself paid £1 to buy the company, hopes to persuade the liquidators to allow him to issue depositors with shares in a new property company.

New Pilkington plant

BY MAURICE SAMUELSON

PILKINGTON GLASS is to build a £7m glass coating plant at Corby, Northants, in an attempt to discourage its customers from favouring specialist glass imported from continental competitors.

The plant will make Kappafloat high energy glass, used in double glazing units, which is bought mainly by companies in the Midlands, South East and East Anglia.

It was originally to have created 40 new jobs, but the company has decided to maintain some of the associated processes at St Helens, Lancashire. This will cut the new plant's workforce to only 25.

It is Pilkington's first new investment since merging its UK safety and flat glass operations under one company.

APPOINTMENTS

Managing director for Davy McKee

DAVY CORP. has appointed Dr A. G. Raper and Mr R. J. Withers as deputy chairman with effect from October 1. Mr S. Burns will retire as deputy chairman of Davy McKee on October 1 and will retire from the Davy Corp. board on November 30. Dr Raper will be appointed deputy chairman and managing director of Davy McKee. Mr Withers remaining deputy chairman. Mr Withers will also become chairman of Davy Engineering Industries.

★

Mr Stewart Siddall has been appointed vice-president and managing director, SMITH KLINE & FRENCH LABORATORIES and chairman, Smith Kline & French (Ireland). He was vice-president, Southern Europe, Smith Kline & French Laboratories International, based in Philadelphia.

★

Mr George Williams has been appointed finance director of THORN EMI INSTRUMENTS, Dover, from finance director with the Ottermill Group. He succeeds Mr James White who has become finance director of another Thorn EMI company—AFA Minerva, Twickenham.

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At RACAL ELECTRONICS Mr D. C. Elsbury has been promoted to the newly-created post of deputy chief executive. He will assume responsibility for the data communications group in addition to his present duties.

Since 1980 Mr Elsbury has been chairman and chief executive of the Decca group.

Mr D. Leighton Davies, a deputy managing director of Racal Electronics and responsible for the data communications group, is to take early retirement. Mr Davies will remain a consultant.

★

Mr John Howard, chief general manager and a director of Royal Insurance, has been elected chairman of the BRITISH INSURANCE ASSOCIATION, in succession to Mr Peter Sharman. Mr Ron Bishop, chief general manager and a director of Phoenix Assurance, was re-elected a deputy chairman. Mr Buchan Marshall, chief general manager and a director of General Accident Fire and Life Assurance Corporation, was elected a deputy chairman.

★

HALIFAX BUILDING SOCIETY has appointed Mr Richard Hornby chairman of the Society in succession to Sir Raymond Potter who has retired.

★

Mr Peter Hogan has been appointed managing director of the UK, Singapore and U.S. operations of the KENMORE group—manufacturer of freezer evaporator systems. He was a director and general manager of the UK company. Mr Lai Berg, the organisation's Norwegian owner and former managing director, becomes chairman.

★

YXHULT LTD has been established as the UK subsidiary of Yxhult AB, a Swedish concrete-to-office furniture company. The managing director is Mr Robin Lipscombe, who joins from Varnamo Rubber Company. Yxhult Ltd will act as holding company for two existing Yxhult AB subsidiaries in the UK; Stellana Plast UK and L. M. Partitions.

★

Mr Philip Girle and Mr Ron Bennie have been appointed directors of NATIONAL WESTMINSTER BANK. Mr Girle is general manager of NatWest's domestic banking division, while Mr Bennie is general manager of international banking division.

★

Mr Herbert Pratt has been appointed chairman of DRALLIM INDUSTRIES. He succeeds Mr Angus W. Millard who has retired to become the group's life president.

★

Mr F. Barrie Hughes has been appointed a director of the LILLESHALL COMPANY. He is a director and general manager of the subsidiary, Lilleshall Engineering. Mr J. A. Edmunds, works manager, and Mr P. B. N. Yeates, sales manager, have been appointed to the board of Lilleshall Stockholders.

★

Mr Frank Rayers, contracts director at ML ENGINERING (PLYMOUTH), has been appointed managing director. He succeeds Mr John Mobbs who is currently chairman and managing director. Mr Mobbs will continue as chairman.

★

Mr Alan Burrough, non-executive director and ex-chairman of JAMES BURROUGH, has been elected president.

★

Mr Kunio Fujimoto has been appointed marketing director of RANK TAYLOR HOBSON, a part of the industrial division of The Rank Organisation. Mr Fujimoto is believed to be the first Japanese to take up a directorship in an all-British company. He will also retain his role as president of the subsidiary, Rank Taylor Hobson K.K., based in Tokyo.

★

Mr Kenneth Siddle, managing director of EUROPEAN FERRIES has been appointed chairman and managing director. He succeeds Mr Keith Wickenden who was killed in an air crash. Two directors have also been appointed to the board: Mr John W. Dick and Mr William B. Pauls, chairman and president of Noramco Holdings Inc., the largest shareholder in European Ferries. Mr Siddle became managing director of European Ferries in 1972 when Mr Wickenden was appointed chairman.

★

Mr Cyril Hehir, Appleford managing director designate

Mr Cyril Hehir has joined APPLEFORD, part of the Vine Products Group, as managing director designate, to succeed Mr Neville Kirby. Mr Kirby became chairman of Appleford, a new appointment, on August 1 and remains on the board of Vine Products. Mr Hehir comes from Pasta Foods where he was industrial sales manager.

★

Mr Bryan Morrall has been appointed chairman and chief executive of BRITISH SYPHON INDUSTRIES following the retirement of Mr James Eardley. Mr Christopher Shaw has been appointed group managing director.

★

Mr Terry Robinson has been appointed managing director of HARVEY PLANT, a member of the Lex Service group. He joins from Lex Wilkinson where he was southern operations manager.

★

WARING AND GILLOW (HOLDINGS) has appointed Mr N. J. Reynolds financial director in succession to Mr J. G. Etchells. Mr P. Carlin has been appointed director UK furniture trading and Mr A. Marshall director UK carpet trading.

★

BROWN SHIPLEY INSURANCE SERVICES has appointed Mr A. C. Yeo administration director. Mr A. G. Robson has become managing director of Holmwoods & Crawfurd (UK) and Mr V. G. Ray deputy managing director.

Holmwoods & Crawfurd (Life and Pension Brokers) has changed its name to Brown Shipley Life and Pensions. Mr A. G. Robson has been elected chairman of Brown Shipley Life and Pensions, Mr R. H. Harrison is to become deputy chairman. Mr M. T. Cornwell remains as managing director and Mr D. J. Higgins has also been elected to the board.

★

Mr Richard C. Meech has been appointed chairman of HOWDEN GROUP. He has been a director of various Howden companies since 1966 and has been vice-chairman of the Canadian group since 1968. Mr Meech is a senior partner of Borden & Elliot, the Toronto law firm, and a director of a number of companies including Barclays Bank of Canada.

★

Mr Ronald Anthony Clegg has been appointed chairman and chief executive of MOUNTLEIGH GROUP, a property development and investment company. He succeeds Mr Ernest Hall. Mr Jack Milton Hey has been appointed a director.

★

Mr Stephen Leybourne, formerly financial director of Car Care Plan (Holdings), has been appointed deputy managing director of COLONNADE INSURANCE BROKERS, a sister company within the Provident Financial Group which acquired Car Care Plan last year.

★

Mr J. R. Crosby has been appointed a director of BRITISH-AMERICAN TOBACCO and personnel director following the retirement of Mr D. S. Dunbar. Mr Crosby was head of BATCo Personnel Services.

★

Mr John W. Holmes has been appointed to the executive board of GEORGE WIMPEY. He becomes chairman of George Wimpey's energy and process engineering contracting groups, which among others include Wimpey ME and C, Wimpey Offshore, Brightside Mechanical and Electrical Services Group and Omisco. Mr Holmes joins Wimpey from John Brown Engineers and Constructors, where he was a director of John Brown E and C, chief executive of John Brown Offshore, deputy chairman of John Brown Earl and Wright and chairman of John Brown Subsea.

★

Mr Ronald Reade-Jahn has been named controller of the CO-OPERATIVE WHOLESALE SOCIETY'S non-food division. He replaces Mr David Skinner who has become controller of the retail division. Mr Reade-Jahn joins CWS from Tesco, where he was a director of Tesco Stores.

BUILDING CONTRACTS

£12m N.Sea job for McDermott Engineering

McDERMOTT ENGINEERING London has been awarded a contract, worth over £12m, to undertake the detailed topsides engineering for the Alwyn North NAB production platform by Total Oil Marine, operator for the Alwyn North development, acting on behalf of Elf UK, and Total Oil Marine. The platform will be situated in deep water approximately 100 miles east of the Shetland Islands. The contract covers project management, detailed engineering and procurement with an option to undertake construction management, installation supervision and commissioning assistance.

★

KYLE STEWART has commenced work in and around London on projects worth a total of £10m. The largest is the West's Piling site, Poyle, developed by Kyle Stewart Properties with Aldgate Properties and funded by the Electricity Supply Nominees. Work on the 10 acre site entails the construction of some 150,000 sq ft of warehousing and industrial units.

★

Trafalgar House civil engineering company CEMENTATION CONSTRUCTION has been awarded the £9m contract for a coal-handling and shipping terminal at Tyne Dock South Shields, by the Port of Tyne Authority (PTA). Claimed to be the largest single capital project ever undertaken by the PTA, it will reaffirm the Tyne as one of the UK's leading coal shipping ports. The shipping terminal forms part of the PTA's overall "grand plan" to concentrate cargo traffic in the lower reaches of the river using modern installations, covering 22 acres and situated on the reclaimed Jarrow Slake area the facility will be fed by rail and highly automated. It is designed to take ships of up to 25,000 tonnes, with an annual throughput of about 2m tonnes and a stockpile capacity up to 160,000 tonnes. This will double existing facilities.

Cementation Construction will direct the work from its regional office at Darlington, Co. Durham. Work is expected to be completed by spring 1985.

★

JOHN LELLIOTT has won a batch of contracts worth £9m. At 145-159 Brompton Road, SW3, alterations, refurbishment and extensions valued at £2m are being carried out for Barclay Nominees (George Yard). Partial demolition will take place and the front rebuilt to provide shops and offices. New air-conditioning, plumbing, lifts and electrical services will be installed.

Granada Group has awarded a £1.9m design and construct contract for the complete refurbishment of its headquarters building at 36 Golden Square, W1. The building will be redecorated internally and new office layouts and toilets formed.

★

GEORGE DEW is to build a £4m bus garage at Bury for Greater Manchester Passenger Transport Executive, property services division. The 20-month contract is one of three won by the Oldham-based civil engineering contractors with a total value of more than £7m. For Stockton-on-Tees Borough Council the company is to undertake the second stage of Lustram Valley sewerage scheme, value £2.5m. The 18-month contract will comprise the construction of 3,000 metres of pipeline, tunnelling, storm water overflow chambers and pumping station.

★

BRIMS has won contracts totalling £8m. These include the first stage of Greenhead diversion on the A69 trunk road around 68 km west of Newcastle upon Tyne. Valued at £2.25m, for the Department of Transport, it comprises a two-lane carriageway around 2.2 km long with a climbing lane for west-bound traffic, together with ancillary works. Work on site has commenced and completion is expected in the summer of 1985. Hampshire County Council has awarded a contract of similar value for construction of a flyover at Fareham. A three-span concrete bridge, 140 metres long will carry a dual carriageway road over the Delme Arms roundabout and the River Wallington. The road will join the M27 link and the A27, so avoiding the busy Delme Arms roundabout. Work is commencing immediately with completion in the spring of 1985. A contract worth about £1.5m has been awarded by North Yorkshire County Council for a sports complex and major improvements to Acomb Secondary School, York.

★

LOVELL CONSTRUCTION has won contracts worth £7.7m. Walter Lilly at Thornton Heath has secured nearly half of this with an order for a high specification office block of 2,500 sq metres at Cobham for Wyndham Investments (£2m) and a research building for the Wellcome Foundation at Beckenham (£1.3m). Y.J. Lovell (Midland) is to start a two-part contract worth £1.6m for Birse Properties refurbishing three shops in Luton and converting accommodation above into flats and building a three-storey block of shops and offices adjacent. In Uxbridge, Farrow Construction has started on a £1.1m office block in the High Street for Chiddenwell, a company in which Lovell Developments has a holding.

★

REGIONAL CONSTRUCTION. Improvements to Leeds southern ring-road, for West Yorkshire Metropolitan County Council, are valued at £2.2m. Work is scheduled for completion in 18 months. Several contracts, together worth about £3.7m, have been awarded to Tarmac Regional Construction's contract housing organisation for work on local authority homes at Walsall, Wolverhampton, Derby and Leicester.

★

Gas pipeline laying contracts in Lancashire and the home counties totalling more than £11m have been awarded to LAING INDUSTRIAL ENGINEERING AND CONSTRUCTION, part of the John Laing Group, by British Gas. The larger of the two contracts involves laying nearly 25 miles of 42 in diameter welded steel pipeline from west of Skelmersdale to Warburton, between Warrington and Altrincham. Work is due for completion by September 1984. Between Nuffield in Oxfordshire and Winkfield in Berkshire, almost 21 miles of 30 in diameter welded steel pipeline is being laid, and between Winkfield and the existing Ascot-Bramshill pipeline, about 2¼ miles of twin 24 in diameter steel pipeline is being laid for completion by October.

UK NEWS

Lloyd's sets out new plans to check abuses

BY JOHN MOORE, CITY CORRESPONDENT

WIDE-RANGING plans designed to stamp out abuses and prevent scandals within Lloyd's, the London insurance market were unveiled yesterday by Mr Ian Hay Davison, Lloyd's chief executive.

Under new disclosure proposals, the most radical in Lloyd's 300-year history, the market's professionals, who look after the affairs of 21,601 members of Lloyd's, will have to disclose any secret deals which they have been carrying out, and any private business arrangements which they have devised in connection with their work at Lloyd's.

The new disclosure requirements are designed to help the Lloyd's authorities identify where there are potential and actual breaches of trust in the market and breaches of agency law.

The move follows a series of scandals in the market where some underwriting agents, the professionals who look after the affairs of the members, have siphoned off money from the members funds into their own undisclosed business interests under the guise of insurance transactions.

"Any breaches of Lloyd's law or rules which come to light, will be pursued," Mr Davison said

More than 17,000 of the Lloyd's members do not work in the Lloyd's market but pledge their entire wealth to allow the market to function in return for a share of the profits.

The new plans are designed to protect their interests and to ensure that they receive all the money to which they are entitled.

Since January, when the plans were first contemplated, the reforms have been enlarged. Underwriting agents will now have to declare whether they have interests in investment companies which may carry out services for their Lloyd's agency company. And they will have to declare whether they have interests in firms which provide accountancy services.

The new proposals are contained in a consultative document which has been issued to the market for discussion, and Lloyd's has invited submissions by September 23 before implementing the final rules.

Already lawyers acting for underwriting agents are worried about the implications of the affair. Once underwriting agents make full disclosure to Lloyd's many contractual arrangements will have to be changed in order to avoid breaches of trust or agency law. Lloyd's is requiring disclosure of the interests of the underwriting agents from December 1980.

Davy set for Welsh steel project

By Peter Bruce

DAVY MCKEE, part of the Davy Corporation, one of Britain's leading engineering contractors, said yesterday it had been awarded a Letter of Intent for a major slice of the planned £171m modernisation of the British Steel Corporation's (BSC) hot strip mill at Port Talbot, in South Wales.

BSC could not confirm the deal yesterday, but Davy said its Letter of Intent covered the design, supply and installation of equipment for the mill worth around £70m.

It is believed that both Mannesmann Demag and Shloeman Siemag of West Germany also bid for the project, which will account for most of BSC's capital spending this year. A U.S. company is also understood to have shown an interest in the project.

Davy McKee said the Letter covered the basic milling plant, coil handling equipment and new automated control systems. Announcements concerning other major elements of the modernisation, including the supply of a new reheating furnace, are expected later this month, and some of this business may well go abroad. Mannesmann has already been appointed overall consultant for the project.

The mill, which will have to shut down periodically to allow the installation of new equipment, should be capable of producing a wider range of strip than at present.

Appeals by alleged left-wing infiltrators dismissed by BL

BY BRIAN GROOM, LABOUR STAFF

BL, the state-owned cars group has dismissed appeals by 11 of the 13 alleged left-wing infiltrators accused of giving false information to get jobs at its Cowley assembly plant at Oxford. Two persons failed to appear for appeal and will be allowed a further chance to put their cases today.

Mr David Buckle, district secretary of the Transport and General Workers' Union (TGWU), to which the 13 belong, said he would represent the workers at a further appeal in front of senior management at a plant conference on Wednesday.

This was before he knew that two of the existing appeals had still to be heard, but it seems certain that the conference – which can be called at union insistence – will go ahead.

At least some of the 13 have admitted giving false information. They are accused of lying about previous employment, giving as referees companies which did not exist, and sending back forged references when BL wrote to the addresses of the non-existent companies.

What the 11 argued at their appeals is not know, but one of them, Ms Stephanie Grant, is understood to have said that she sought work at the Cowley plant independently of the others and claims she is the victim of propaganda about a conspiracy.

BL insists that it does not sack people for their political views, but that 13 persons falsified information in order to get jobs. However, the company has made clear it believes many of them to be associated with the Socialist League, formerly the International Marxist Group.

Mr Buckle said he would tell the company it was being too harsh in dismissing the 13. He would not be drawn on whether he was at all hopeful of success.

He has not yet met any of the 13. They have been represented by shop stewards including a left-winger, Mr Bobby Fryer, and the stewards have in turn reported to Mr Buckle.

The extent to which the TGWU is prepared to create a fuss about the alleged infiltrators is uncertain. It is obliged to represent its members all the way through the disciplinary procedure, but that may not signal a determination to see them reinstated.

Mr Roger Rosewell, a former Trotskyist who is now an industrial relations consultant, denied yesterday that he had been involved in tracking down moles at the Cowley plant.

BL also denied newspaper reports of Mr Rosewell's involvement

The reports, said to emanate from Oxford Labour Party, named Mr Roswell as having helped the company with its vetting procedures.

Merchant tonnage laid up shows first drop for two years

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THIS YEAR'S modest revival in shipping markets has brought about the first drop for two years in merchant tonnage laid up around the world, the General Council of British Shipping (GCBS) said.

Owners of both dry cargo and tankers have contributed to the decline, with the end-June idle tonnage figure down to 97.9m deadweight tons from 100.5m dwt in May.

The GCBS said it hoped that the peak for lay-ups had been reached. "But we shall have to wait for a few more monthly details to determine the trend."

Latest figures show that 447 tankers of 72.9m dwt were idle on June 30 compared with 464 of just over 75m the month before, the highest ever. A year ago, nearly 53m dwt of tanker tonnage was idle, twice the level at the end of 1981.

IDLE WORLD TONNAGE (m dwt)

	Dry Cargo	Tanker	Total
Dec 1980	2.2	7	9.2
June 1981	1.9	15.4	17.3
Dec 1981	2.8	24.6	27.4
June 1982	6.5	52.8	59.3
Dec 1982	23.6	60.1	83.7
June 1983	25.0	72.9	97.9

Source: General Council of British Shipping

For tankers, the proportion of the total fleet still idle was 22 per cent, compared with 23 per cent in May. For dry cargo ships, it was unchanged at 7 per cent, representing 1,247 vessels of 25m dwt, a drop of 310,000 dwt.

The UK fleet shared in the reduced lay-up trend. The second successive drop of one percentage point brought the level to 19 per cent of the fleet, comprising 74 ships of 6m dwt, mostly tankers.

Other major world fleets still have large parts of their fleet laid-up. Liberia, the largest and a flag of convenience for many world owners, had 23 per cent of its tonnage idle at the end of June, Greece 31 per cent, Panama 5 per cent, Norway 36 per cent, and Denmark 34 per cent.

The GCBS had little joy to offer on single voyage cargo rates, as measured by its tramp trip charter index. This showed a drop of 22 points in July to 89 (1976 = 100). This was 10 points up on its lowest level of 79 last August, but well down on the April, 1980, peak of 275.

Esso contests Brent price premium

BY RICHARD JOHNS

ESSO is contesting the premium of 25 cents per barrel set by the British National Oil Corporation for Brent crude, which it produces in conjunction with Shell.

BNOC proposed an official selling rate of $30 per barrel for Brent and made it the new North Sea reference level as part of the pricing system devised last spring to be compatible with the one established by the Organisation of Petroleum Exporting Countries.

Having grudgingly accepted the differential, the UK affiliate of Exxon, the world's largest oil company, is objecting again that Brent is essentially the same in quality as British Petroleum's Forties Field, formerly the North Sea reference. The official selling rate for Forties is $27.75.

Esso's objection is based on the fact that its refining and marketing arms in the UK are being penalised by having to pay an extra 25 cents per barrel, suffering a consequent extra squeeze on its margins as a result. Because of a 90 per cent tax rate, the advantage from a higher price to Esso's producing operation is minimal at only 2.5 cents per barrel according to Petroleum Intelligence Weekly's latest edition.

Shell, Esso's 50:50 partner in the producing venture, also believes that the differential exaggerates the comparative quality but is content to see the present pricing arrangement continue.

Sales slip, but retail sector optimistic

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

SHOP SALES declined slightly in July, according to provisional government figures out yesterday, but retailers appear to be still optimistic about the state of consumers' demand.

The figures, from the Department of Trade and Industry, showed a decline of just under ½ per cent in the volume of sales between June and July.

However, the July retail sales index of 113.5 (1978 = 100) was still 2 per cent ahead of the average for the first three months of the year and 5 per cent more than the index for July 1982.

The July sales figure was close to the average for the three months to June, which suggests that the decline frome June may herald a less buoyant trend.

Increases in consumer demand during the past 12 months has been one of the main forces behind the modest recovery of output and improved optimism in manufacturing industry.

The Government is anxious that the higher level of demand should be sustained for long enough to persuade industry to raise investment and to take on more labour.

It that were to happen, the recovery would become more self-sustaining, especially if manufacturing industry succeeded in beating back the flood of imports that has been attracted to the UK by the brisk pace of shop sales.

The retail sales figures will be watched particularly closely in the next few months in view of the most recent indicator of industrial production – for June – which suggested a sharp fall compared with the level in the previous month.

However, the retail trade generally appears to be planning for a continuation of the recent buoyant trend until the end of the year.

A spokesman for the Retail Consortium said recent comments about trading volume from members had been favourable, particularly in the clothing sector.

Most members were expecting sales to continue at a good level, although there was some anxiety that a further increase in the mortgage rate might reduce the amount of money available for spending.

Fear of low response to youth jobs scheme

CONCERN over the future level of participation by young people in the Youth Training Scheme (YTS) to be formally launched next month, is being shown because of the low take-up of places in Northern Ireland, where a closely similar scheme has been in operation for almost a year.

The Northern Ireland Youth Training Programme, administered by the Departments of Economic Development and Education, has so far attracted only 4,000 applicants to fill an allocated 14,000 places. Some £53m has been set aside to fund the scheme.

In all, 10,000 schoolchildren are due to come on to the jobs market in the province this year, with few prospects of finding work in an area where unemployment hovers around 20 per cent. As in the case of the YTS, the Northern Ireland programme is aimed at 16-year old school leavers and 17-year olds who have not found work.

Mr Terry Carlin, the Northern Ireland officer of the Irish Congress of Trades Unions, said yesterday "The fundamental problem about identifying with this programme is that more and more kids realise there's no jobs to go to after training."

Employers in Britain see the present low take-up in Ulster as a possible indication of a similar response – especially in those areas where school leavers see no point in training for non-existent jobs.

The latest number of applicants for YTS places – at the end of June – was 21,679. The Manpower Services Commission said yesterday, however, that it expected a large increase in applications next month.

The Arts appears today on Page 13

● BRITISH PETROLEUM's Magnus oil field, the most northerly field yet developed in the North Sea and the deepest, came on stream yesterday at a rate of 15,000 barrels a day. Output from Magnus, a £1.3bn development, is expected to peak at 120,000 b/d, plus 10,000 b/d of natural gas liquids, in two years time and to sustain this rate of production for five or six years.

● EGG PRODUCERS are meeting later this month to review their £2.5m a year marketing strategy. The aim will be to find ways of halting a long-term decline in sales which has led to extremely depressed prices.

● COAL MINERS at Bolsover Colliery, Derbyshire yesterday continued a strike begun on July 22 over wet working conditions. About 1,000 miners failed to return to work after a two-week holiday.

● LOCAL AUTHORITIES should be allowed to issue stock to finance road construction and other capital projects, the British Road Federation says in a paper on alternative financing.

● KNITTING INDUSTRY leaders are completing proposals which call on the Government to provide financial and other assistance. The document, which urges cash grants to assist new investment, will be sent to Mr Norman Lamont, Minister at the Department of Trade, within the next 10 days.

● SIR FRED PONTIN, whose holiday camp interests were sold to Coral Leisure, plans to re-enter the entertainments business with a group based on the acquisition from Trident Television of Scarborough Zoo and Marineland, on the Yorkshire coast.

● SHELL UK is putting up prices of oil products sold to commercial and industrial customers, but increases will be less than the rises of 4.6 to 6.8 per cent announced last week by Esso. Shell said the increases were aimed at recovering revenue lost through discount offers over the past few months.

● ISLE OF ORONSAY, off the north west coast of Scotland, has been put on the market by Mr Adam Bergius, former chairman of William Teacher and Son, the whisky company. Offers of above £150,000 are being sought for the island which has 1,470 acres and several historic buildings.

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Lebanon's endless war

THE CHANCES were always against President Amin Gemayel establishing the authority of his Government over the whole of Lebanon.

The fighting over the last two weeks has emphasised the fragility of the state in the one-third of Lebanon where it seeks to exercise some power. Three cabinet ministers were kidnapped; Government *soldiers* disarmed, Beirut airport closed by shelling and artillery and small arms fire exchanged by *Christian and Druze militiamen* in the mountains overlooking the capital.

Strong support

Nobody expected the sectarian divisions within Lebanon to die away in the wake of last *year's Israeli invasion. The* strong support shown by most Lebanese for President Gemayel in his first months in *office* was a measure of the desperation with which most of them want a return to normality. But the critical test for the Government was its ability to get the Israelis and the Syrians to withdraw from those parts of the country, in total area only half the size of Wales, which they occupy.

This President Gemayel has failed to do, although not for lack of trying. He has always hoped that diplomatic, military and financial support from Washington would buttress the Lebanese Government sufficiently for it to sustain the pressure from Israel and Syria, its two neighbours and despoilers.

Tenuous control

Buoyed up by such hopes, the Lebanese signed a troop withdrawal agreement with Israel in May only to see the plan immediately rejected by Syria. The Israelis are now pulling back to more defensible lines but to all intents and purposes the country is partitioned.

It is difficult to see any way forward for President Gemayel given the enormous difficulties he faces. He is critically weakened by his tenuous control over the Christian militia set up by Bashir Gemayel, his brother and predecessor as president, who was assassinated last year.

The Lebanese Moslems, the Druze, and the Palestinians continue to fear that the Lebanese Government is only a mask for Christian supremacy.

The *national army does not* inspire much confidence in those still frightened by the memory of the massacre at Sabra and Chatilla carried out by the Christian militia last year. It is vital, if Government forces are to gain credibility, that the president gain real control of the warlords who nominally support him.

The multinational force in and around Beirut should stay where it is. Half the Lebanese population lives in the greater Beirut area where foreign troops patrol and their presence gives a degree of security. The precipitate *withdrawal* of foreign troops last year opened the door to the massacre of Palestinian civilians. But it is *too much to ask for the multi*national force to take over security in the Shouf mountains, the scene of recent fighting. It is also unlikely that countries which have sent contingents will be willing to send their troops into an area where a small-scale civil war is raging.

Peace plan

For Mr Begin, it is often said, Israel's Lebanon adventure has proved a source of disappointment. Certainly no treaty with Lebanon, like that with *Egypt, looks likely.* But from Israel's point of view, the invasion has had the great advantage of diverting attention from the increase in the number of Israeli settlements on the West Bank.

Soon there will be too many Israelis settled on the West Bank for there to be any question of it being given up. There will then be no question of an Israeli withdrawal from the West Bank being traded for a long term peace agreement as President Reagan envisaged under his peace plan a year ago.

It is unfortunate that he was not prepared to give political muscle to his own proposals since the spread of Israeli settlements on the West Bank now makes it unlikely that Washington will have another opportunity for launching a credible peace initiative.

Grim news

For the Lebanese, the failure of President Reagan to get a peace plan underway or to per*suade foreign powers to leave* their country is grim news. There is very little they can do about it. Over the next few *years, as in the past, they are* likely to be the victims and instruments of a war fought by proxy between Israel and Syria. *The best that can be hoped for* is that this will not erupt once again into a full scale conflict.

Trojan horse under attack

THE FRENCH decision to treat the imported content of Euro-Japanese cars against their *minuscule quota of Japanese* cars in the French market is characteristically annoying but it is not important. Japanese companies are hardly going to change their policies of developing co-operative ventures because they *lose a few direct* sales in one of their least rewarding markets. However, it is yet another reminder of *the profoundly unsatisfactory* state of EEC-Japanese trade relations — a question which Britain, which has a much more open and cordial bilateral relationship, ought to raise with her partners.

Bilateral quarrels

The French gesture is probably meant for internal consumption: the Talbot branch of the Peugeot group is in trouble and imposing heavy redundancies on its workforce, so the Government wishes to be seen to be doing something to protect its home market. It can hardly expect to be taken seriously if it is trying to portray the Triumph Acclaim, a *low-volume* car, or the *new* Nisson Sunny Europe (a staid model built in Italy but deprived of its Japanese mechanical components) as an example of Trojan Horse-power invading European markets.

The gesture does say something about French industrial policy which tends (like Japanese policy) to a strategic-combative view. The French have tried to develop two world-scale *groups based strictly on* European technology and have had some success with their own version of the Acclaim—the Renault Alliance made in the U.S. They are no doubt irritated that smaller companies such as BL, Alfa-Romeo and parts of the Spanish industry should continue to survive in the European market thanks to transfusions of public money and Japanese technology and it is true that Europe-wide rationalisation is very slow.

Third markets

However, this is a view which the French support only when it suits them. Thomson-Brandt, for example, the leading French electronics group, is happily planning to assemble Japanese VTRs. The real importance of the incident *is* not for any principle or strategy involved, but simply as a reminder that there *is* still no EEC policy towards Japan. Member states seem to feel free to pursue their bilateral quarrels without *regard either to consistency* or to the admittedly obscure rules which have been laid down on such matters as import-content.

The sad state of relations is best illustrated by the wildly over-stated complaint which the EEC has laid against Japan at the Gatt. This almost amounts to arguing that the Japanese compete unfairly simply because they are Japanese. Their industriousness is not attacked, but they are criticised for narrow sectoral attacks on export markets, for high distribution costs and for their *administrative methods. They* are different, and that isn't fair.

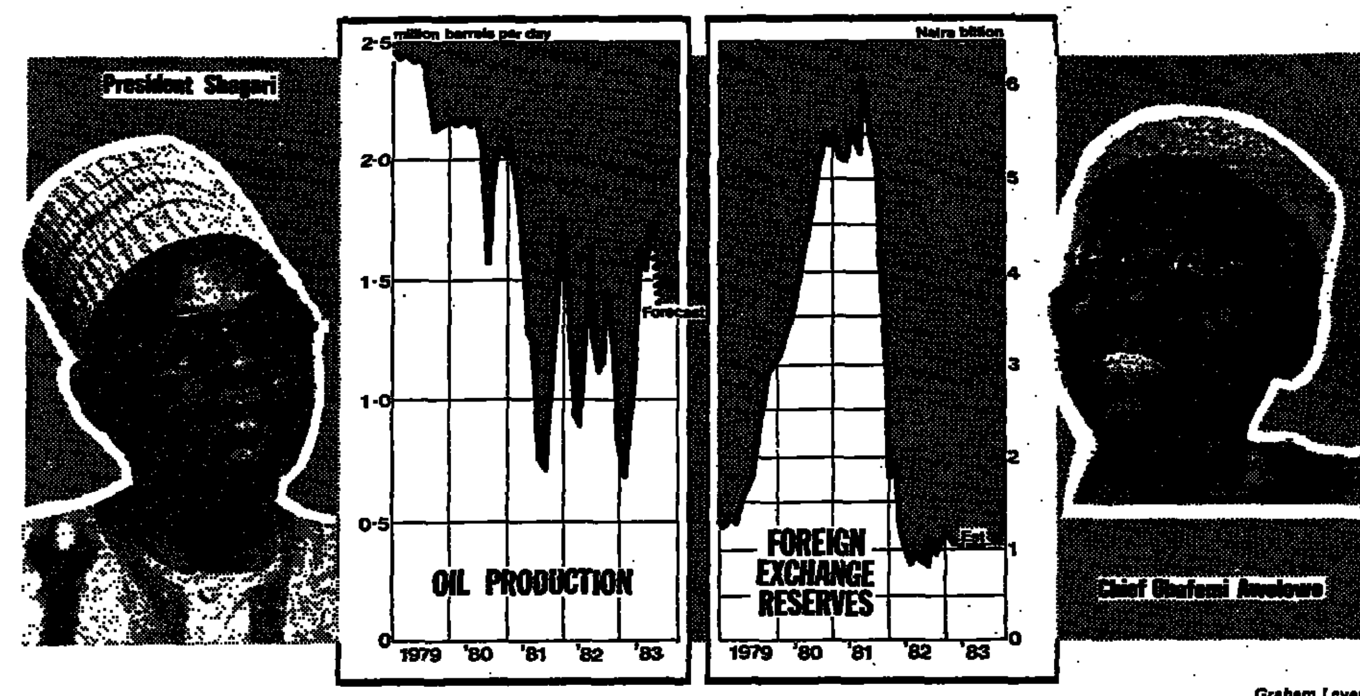
Low value

This attitude *offends* the most elementary principles of trade theory—especially in a world of floating exchange rates. By restricting Japan's access to Europe, and insisting on high Japanese prices or encouraging them by volume restrictions?, the EEC countries help to main*tain a low value for the yen,* and thus suffer enhanced competition in third markets. If the French mean to imply that we should be as aggressive and clear-sighted as the Japanese, they could have a point; but they do not make that point well by adding another example of European muddle-headedness to the catalogue.

NIGERIA'S TOUGH FUTURE

Debt and democracy

By Quentin Peel, Africa editor



Graham Lever

Nigeria's foreign exchange reserves have been maintained at an artificially high level because of increasing delays in payment of the country's trade debt. Thus, in spite of considerable variations in Nigeria's oil earnings, the level of reserves has remained fairly constant at around Naira 1bn.

LIFE IN Lagos returned to normal last week: the traders were at their pavement stalls, shouting and jostling; the traffic was jammed solid in Broad Street; the money changers whispered and haggled outside the Bristol Hotel; and the muggers and pickpockets were back in business in the alleys and side-streets.

Yet for one day, the unthinkable had happened: the streets of Lagos were empty of cars, the shops were all shut, and hundreds of thousands of voters stood in lines, sometimes for hours on end, to vote at makeshift polling booths to *elect a new president.*

"It was the first time I have ever seen Nigerians queue up," according to one young civil *servant.* "*You just saw absolute* quite around the whole city. It was as if no one wanted to be first to do anything wrong, to *foment any trouble.* The next day, there was a sense of amazement that we had really done it."

More than 25m Nigerians voted across the country, nearly 40 per cent of an electorate which, if the official registration figure of 65m is to be believed (it is almost certainly inflated), would make Nigeria the world's third largest democracy. In spite of being in the throes of economic austerity measures, precipitated by sharply reduced oil revenues, they re-elected President Shehu Shagari with an increased majority over his nearest rival.

Life was back to normal in more than one way by the weekend, when the voters went to the polling booths for the second round of their electoral marathon, the election of state governors. Violence broke out in several major cities in western Nigeria, leaving as many as 18 dead, as crowds of *vigilantes attacked suspected* ballot-riggers, burned cars and attacked the homes of political rivals. Yet there seems to be a *general determination that* the further three rounds of voting —for senators, national and state representatives—should go *ahead without* trouble.

Nobody denies that all is far from perfect in this huge exercise. Apart from the registration figure, which no one believes, the organisation of the Federal Electoral Commission (FEDECO) has often appeared chaotic, with shortages of ballot papers, officials not arriving at the polling booths, ballot boxes getting lost, and communications breaking down. Whether the problems were deliberately provoked or not, they provide ready opportunities for "irregularities."

There have undoubtedly been widespread instances of intimidation and blatant ballot-rigging, by all the major parties in their own strongholds. But, in spite of the allegation by Chief Obafemi Awolowo, President Shagari's main rival, that this was the "worst-rigged election in the history of Africa," non-partisan Nigerians tend to accept that the end-result of the presidential election was a reflection of the national consensus. No other candidate enjoyed as wide a spread of support as Shagari, even if his majority may have been inflated.

After several months of almost unrelieved political campaigning, the re-elected President has a daunting task ahead of him. For the demands of democracy and of his own party supporters in the wake *of their victory may prove very* difficult to reconcile with the immediate needs of economic *management* and more particularly, the requirements of the *International Monetary Fund* (IMF).

"In the National Assembly, each member has to get some*thing for his or her village,* but we simply have not got the resources to be Father Christmas," according to one of the *President's top civil service* advisers. "The people want to enjoy today, but we have to lay the foundations for future *economic growth. The two* cannot easily be reconciled."

The first priority for the Government is to conclude its negotiations with the IMF, for a three-year extended facility totalling rather more than $2bn. That loan is the largest element in a three-part package, totalling almost $5bn and involving the Fund, the World Bank and commercial banks, to tide Nigeria over its current foreign exchange crisis.

The situation has improved somewhat since Nigeria was forced to approach the Fund in May, but it has still not entirely stabilised. The most important factor has been the recovery of oil production, from a low point of only 675,000 barrels a day in February, to an average of 1.45m b/d in the whole second quarter, and 1.7m b/d in July. Since then, production has been cut back to 1.3m b/d, which is Nigeria's production quota fixed by Opec. It looks set to remain at around that figure unless the quota is increased.

At the same time, the sweeping import restrictions introduced by President Shagari in April 1982, and extended last January, have succeeded in cutting imports from a monthly average of some N1.2bn ($1.6bn) in the first half of 1982 to around N600m today, according to top officials. Thus for the first time in more than two years, Nigeria's visible trade seems to be roughly in balance. Only the cost of debt servicing —estimated at slightly more *than N100m ($133m) a month*— constitutes a net drain on foreign exchange reserves.

However, Nigeria still has to *repay the huge backlog of* trade arrears it has accumulated over the past 18 months, variously estimated at between $5bn and $8bn. *The first slice has been* dealt with, in the refinancing agreement reached in July with 26 international banks covering arrears on letters of credit, totalling around $1.7bn. If a further 11 banks join the agreement, the eventual total could be $2bn. But several billion dollars of trade debts owed directly to individual companies are not affected by the deal.

The key question about the IMF and World Bank deals is what conditions will be attached

Nigerian officials hope to repay a substantial part of the backlog between now and January, during the grace period allowed on the letters of credit debts. But bankers in Lagos say there are already ominous signs that payments on new letters of credit are falling behind, as foreign exchange is allocated to more politically *sensitive* areas, such as student remittances and advance payments for the Hajj pilgrimage to Mecca.

The IMF and World Bank deals are therefore crucial to getting Nigeria back on an even keel, and the key question is what conditions will be attached. Publicly, Nigeria is adamant that it "will not be dictated to" in the words of President Shagari. *Privately, officials* admit that "the whole idea of bringing in the IMF is to get the alibis to persuade the poli*ticians of what we need to do.*"

In addition to the $2bn Nigeria hopes to get from the *IMF* as extended credit, officials *here also* hope to qualify for a loan from the compensatory financing facility, recently extended to Opec countries because of the sharp drop in their oil export earnings. From the Bank, Nigeria is seeking a structural adjustment loan of up to $500m, although Washington officials suggest $350m would be more realistic. Both institutions are clearly taking tough negotiating positions.

"The World Bank is doing the dirty work for the IMF," says one top official, only half seriously. "I think they are engaged in a conspiracy." Nonetheless, considerable progress has been made.

The thorny issue of devaluation—a politically unacceptable concept in Nigeria—is no longer an absolute stumbling block. "We no longer talk about devaluation, we call *it* exchange rate adjustment," is one explanation. It seems that Nigeria has agreed to something resembling a "dirty float" of the naira, in addition to the 10 per cent downward adjustment against the dollar carried out quietly in July. No figures have been agreed, but a time scale has.

Both institutions are closely concerned with the government budget, relying as it does some *80 per cent on oil income. This* is likely to be the major concern of the Fund team due to visit Lagos on September 2. *The World Bank is also looking* at the whole field of government investment, including the organisation of public corporations.

The Nigerian Government is already committed in principle to sell off some of its holdings in a range of companies, including hotels, breweries and even Nigeria Airways. Whether the 60 per cent government shareholding in all banks is likely to be reduced is not yet clear. The move would be very popular on the Nigerian capital market and, officials believe, with the World Bank.

The degree of restraint likely to be imposed, in addition to the current austerity measures, seems certain to be rather more severe than the Nigerian electorate yet suspects. Many capital projects, such as the building of Abuja, the new federal capital, and the expansion of the steel industry, may have to be cut back. But agriculture and petrochemicals, and the planned LNG project at Bonny will remain top priorities.

Several important lessons have already emerged from the campaign and the voting. In the first place, issues and policies *remained almost irrelevant* to the outcome. The effects of President Shagari's austerity measures have been to cause *widespread shortages of im*ported goods and very sharp price increases for many basic commodities, such as rice, flour, soap and detergents. Only emergency action to bring in imports before the poll has mitigated the effect. But in spite of continual opposition allegations of economic mismanagement, there was no electoral backlash, and indeed no serious debate of the long-term economic issues involved.

"There was never really any doubt about the outcome, because people were not voting on the question of the economy, or agriculture, food or anything like that," according to one Nigerian doctor. "They were voting for a symbol: the man who most represented the unity of the country."

Nevertheless, the single most important factor in voting remains the regional and tribal loyalty of the vote. *President* Shagari had by far the largest vote in Hausa-Fulani dominated north, Chief Awolowo won a *landslide in the western Yoruba* states, and Dr Nnamdi Azikiwe's victories were largely confined to the Ibo states of the east.

Having said that, one of the most significant developments since the last elections of 1979 was that each of the three *leading candidates improved the* spread of his support across the country, away from his tribal base. Most dramatically, President Shagari won at least a quarter of the vote in 16 out of the 19 states of the federation, compared with only 12 in 1979; Chief Awolowo won 25 per cent in eight states, compared with six last time; and Dr Azikiwe reached that target in four states, and just missed it in a further two, compared with only three states in 1979.

The defeat of incumbent governors—the results were being announced yesterday—and the gradual erosion of tribal loyalties, are important and encouraging developments for the future of Nigerian democracy, its proponents argue. But at this stage of the election process many are concerned that President Shagari's ruling NPN will prove too greedy, and try to win too many seats, by fair means or foul.

"It is vital that the opposition parties know they have a stake in the system," according to one Nigerian academic. "If Nigeria starts to look too much like a one-party state, democracy will break down. Shagari must show restraint and avoid running on a party platform from now on. The bandwagon effect could prove disastrous."

Much, therefore, depends on the political will of President Shagari in the aftermath of the election. Technocrats in the Government argue that he *is* now in a strong enough position to ignore the demands for political patronage—and to take *much firmer steps* to curb the institutionalised corruption which constitutes a large drain on the government exchequer. *Indeed they maintain that firm* economic management and cleaner government are as vital to the survival of democracy in *Nigeria as the successful com*pletion of this month's election marathon.

Men & Matters

Over the mark

Although Bank of England and Treasury economists never disagree in public about economic indicators, a hot dispute, is raging about the correct interpretation of some vital sporting statistics.

The dispute began after a football match in the fourth quarter of 1982 between the rival teams of pundits, exclusively reported in these columns. The Treasury claimed to have won "after seasonal adjustment" although the Bank's men recorded more goals.

Now the argument has switched to a more refined analysis by Bank econometricians of a cricket match between the two.

According to reports thought to have emanated from Threadneedle Street, the Bank won this match with a scoring rate 1.97 per cent higher than that of the Treasury team, having achieved an average of 5.08 runs per over compared with the Treasury's 4.98.

Although this is a modest rate by international comparison, the official view was that it was not bad for UK economists.

The Bank achieved this victory, sources say, in spite of the handicap of having their captain "The Gov." unavoidably absent from the field.

It did provide the umpires, who in true British tradition, gave two of their own men out lbw, a demonstration of impartiality which added particular spice to the Bank's win.

The Treasury, *however,* claims victory on more traditional grounds, even though it concedes that the Bank's run supply had grown at more than the rate predicted in the Treasury's strategy.

With what is regarded in the City as typical Great George Street orthodoxy, the Treasury points out that it passed the Bank's total score of 94 all out, with some of its batting resources still untapped.

The Bank counters that the total runs scored in a single innings are not an adequate indication of underlying per*formance. Its superior rate of* scoring clearly demonstrated that it would come out ahead if its strategy were given sufficient time to work.

It regards the method of scoring adopted by the Treasury as highly simplistic and hotly rejects the idea that its improved evaluation is not quite cricket.

For those interested in the raw data: it was Bank 94 all out in 18.3 overs. Treasury 98 for 6 in 19.4 overs.

Inside story

Jorge Diaz Serrano, former head of Pemex, the Mexican state oil concern, and once a presidential *candidate,* is learning to play the guitar and is reading the Bible. That may not seem unusual except that he is doing it in prison where he is awaiting trial for allegedly bilking the state out of $34m.

Prisoner number 666 has been treating the Mexican public with almost daily accounts of his new austere life-style in interviews and newspaper articles. The architect of *Mexico's spectacular but costly* oil boom, and by association of the current liquidity crisis, he has become a cause celebre. He was a self-made millionaire in the oil business long before he joined the last government of Jose Lopez Portillo, his boyhood friend.

Diaz Serrano, 62, insists that he is innocent of defrauding the state by overcharging for the purchase of two tankers. He is presenting himself as a political victim of President Miguel dela Madrid's "moral renovation" campaign.

Last week, when he entered prison, he was photographed wearing an elegant track suit and carrying a tennis racquet. He is practising for the inter-prison games. "Prison is one *more experience to strengthen* the character and temper the spirit," he said.

He is not eating prison food, however. He has meals brought to him by a friend.

Lopez Portillo, who considered appointing his friend as his successor (Mexican presidents name their heirs) has not shown his face at the prison. He is in self-imposed exile in Europe, although he has slipped back into Mexico unnoticed on a few occasions.

Lotus elan

Was that a premonitory shudder that went through Lotus shareholders, looking at the blood-red carpet as they trooped in for yesterday's extraordinary general meeting.

Was David Wickens, the British Car Auction's chief playing financial white knight to Lotus' damsel in distress, going to erupt as threatened over not being told of plans to publish the half-year results? Was chairman Fred Bushell going to announce his departure? Or was a minor shareholder ready to toss an entirely unexpected spanner into the Lotus works?

After the rough ride Lotus got in December at its AGM following its bankers' withdrawal of long-term finance, and with the company in dire financial peril, directors were braced for anything.

Needlessly. A £6.69m refinanc*ing package and all other busi*ness was despatched with nods of approval.

Bushell could not believe his luck. "Oh dear," he chuckled, "we appear to be missing Mr (Noel) Falconer. But let us be thankful for small mercies."

Mr Falconer, that inveterate minor shareholding scourge of both Lotus and BL, was indeed absent. But the small mercies were short-lived. Fifteen minutes later proceedings were abruptly suspended . . . by a bomb scare.

Makeshift

Charles Ehret is an American scientist who worries a lot about shift workers and the havoc wreaked by their ever-changing schedules. He claims their problems can be ameliorated by what he calls "chrono-hygiene."

In the words of Dr Ehret, of Argonne National Laboratory near Chicago, chrono-hygiene is "planned application of time cues the body uses to establish and maintain cellular rhythms."

Shift work is fine provided people stay with the same shift, he says. But that means a night worker must remain a night person even on his time off.

Since few workers are willing to accommodate their employers to that extent, in the interest of maintaining peak performance, he recommends an alternative chrono-hygiene schedule.

It's a feast-famine schedule, of a kind he published a while ago as a way of avoiding jet-lag when flying. A worker changing from morning shift one week to afternoon the next, with the weekend off, would follow this schedule.

Friday: feast on high-protein meals. Saturday: fast, sleep late, stap up late. Sunday: sleep late, big brunch about 3 pm, *big dinner about 2 am,* bed about 7 am Monday. Waken at 3 pm "refreshed and ready for the new shift."

According to Ehret, Exxon and the Ontario Police College are among the organisations already taking his ideas on chrono-hygiene seriously. Long-term benefits he claims include "fewer on-the-job accidents, less absenteeism, improved health and higher morale."

Observer

Michael Donne on the battle for BA orders

Three suitors for a £500m deal

British Airways, the soon-to-be-privatised State airline, is now in the final stages of deciding on an aircraft re-equipment programme that will not only settle much of its own fleet needs for the rest of this century but also perhaps help determine the long-term future of a new European airliner, the Airbus A-320.

Because of the current lack of new orders for any types of airliner, the BA deal—for around 20 short-range, twin-engined jets worth over £500m including spares — is being fiercely contested by the three major jetliner builders: Boeing and McDonnell Douglas of the U.S., as well as Airbus Industrie of Western Europe, an international group comprising Britain, France, West Germany and Spain.

BA needs the new aircraft to replace its existing ageing, fuel-thirsty and expensive-to-maintain fleet of 32 Trident jets, all of which have to be phased out by the end of 1985 to meet stringent new Government-imposed noise restrictions which become effective at that time.

To meet that date, BA must place its order for new jets this autumn, with deliveries in late 1984 and into 1985. BA has already decided on leasing, rather than buying, because it does not want to encumber its balance sheet with a heavy new re-equipment debt burden at a time when it has asked the Government for a major capital reconstruction in support of the eventual privatisation plan.

The manufacturers have been happy to oblige with some fiercely competitive leasing plans. The impending BA deal is critical for all of the jet builders. All have been severely hit by the slacker inflow of new orders this year as the world recession has eroded all airlines' finances.

Boeing is now offering BA its small 737-200 twin-jet, knowing that BA already has 28 of these in its fleet and likes them. McDonnell Douglas is trying to break into the BA fleet with its rival twin-jet, the MD-80. Both Boeing and McDonnell Douglas can offer virtually immediate delivery, and have put forward some highly attractive financial packages for leasing.

The A-320 airbus

Airbus Industrie, however, is in a more difficult position. Its projected new A-320 150-seater, also a twin-engined, short-to-medium range jet, has been difficult to get rolling because of the recession and the world airline industry's reluctance to buy anything at all. The in-service targer date has slipped from 1986 to 1988, and may even slip further to 1989 or 1990. It is thus already too late to meet BA's immediate needs, as well as being rather larger than the aircraft BA currently wants (about 120-130 seats).

Airbus recognises this clearly and, in an almost desperate effort to influence the BA decision, it recently proposed a plan whereby it would provide as many "interim" Boeing 737 or McDonnell Douglas MD-80 jets on lease to BA as the airline wanted, until the A-320 itself became available in the late 1980s. In return, Airbus Industrie would expect a commitment from BA to buy the A-320, but to sweeten that part of the deal it has offered a substantial discount of 20 per cent on the A-320's starting price of £16m per aircraft.

Behind the Airbus offer lies a great deal of economic, industrial and political logic. Britain, through the partially State-owned British Aerospace, is already a 20 per cent stakeholder in Airbus Industrie (the other partners being France, West Germany, and Spain). Britain, through British Aerospace, builds the wings for the bigger 250-seat A-300 and the 220-seat A-310, both of which are selling well, and BAe would like to build the wings for the A-320 too, providing continuity of, and even increased, employment in the UK aerospace industry.

At the same time, the State-owned Rolls-Royce is talking about building a new international aero-engine, in conjunction with Pratt & Whitney of the U.S., the Japanese aero-engine industry, MTU of West Germany and Fiat of Italy. This would eventually be aimed at the A-320, although the initial engine in that aircraft would be the existing Franco-U.S. (Snecma - General Electric) CFM-56.

Both British Aerospace and Rolls-Royce want substantial Government support for their prospective shares of the work on the A-320 and its engine, amounting to between £400m and £500m. They believe—as does Airbus Industrie — that it is only logical that, in return for such an investment, the UK Government should require its State airline, BA, to buy the A-320.

Airbus Industrie points out that it can still go ahead without a BA order, but it would clearly prefer to have one because that would help enhance the new airliner in foreign airlines' eyes. Airbus also argues that it does not need British Aerospace to help it build the A-320, although it would very much like to have BAe in. But the list of potential partners is already over-subscribed.

Airbus could win production support from the Canadian, Japanese, Dutch, Italian and Australian aerospace industries, to go along with the French, West Germans and Spanish, if the British dropped out.

The European group, in fact, seems highly confident of success. It believes that the market for a 150-seater airliner will total some 3,600 aircraft by the end of this century (including possible rival ventures by Boeing with the "7 Dash 7" and McDonnell Douglas with the MD-3300). Its own share of that market could be anything upwards of 600 aircraft, probably exceeding 1,000. It has made presentations to 22 selected airlines, and hopes for commitments from five or six before the end of the year formally to launch the venture, with or without the British.

This, then, is the situation BA faces. It does not like it. It does not want to become involved in any commitment to any 150-seat airliner just yet.

BA's view is shared by Lufthansa, the West German airline, which does not see a role for the A-320 in its fleet, and would prefer to see a different new type of jet undertaken by Airbus—for long-range routes of comparatively low traffic densities. It wants, in effect, a true Boeing 707 replacement, of about 200 seats, that would fit in the spectrum of types below the big Jumbo jet and the three-engined DC-10 and Lockheed Tri-Star.

Both airlines feel that before the end of the 1980s, the market situation may change drastically, and any 150-seater might not be the most desirable of aircraft.

BA in particular would prefer to be allowed to settle its immediate requirement for a smaller (120-130-seater) aircraft by itself, in its own way, without any political pressures of any kind, and without having the world looking over its shoulder to see what it is up to. It feels it can get whatever new aircraft it needs now without assistance from Airbus. If, by the late 1980s, a 150-seater becomes essential, BA wants to feel that it can shop around then, buying either the A-320, the "7 Dash 7," the MD-3300, or whatever else might be available, to suit itself.

British Shipbuilders

Warships vs the rest

By Andrew Fisher, Shipping Correspondent

IT IS a hazy summer day in Hampshire. Out in the garden of the big house near Winchester, a man is trimming a hedge, using a spirit level to get the line right. From his drawing room, Sir Robert Atkinson—soon to retire as head of British Shipbuilders — steps briefly onto the sweeping lawn to point out a slight irregularity.

Early that morning, all had been confusion in the garden. From the rolling fields beyond, a bullock had broken through and churned up part of the lawn. It was the sort of intrusion that Sir Robert does not welcome. A 67-year-old former wartime naval commander, he likes order, discipline and firmness.

It was just these qualities and the need to weld BS into a more coherent organisation that led the Government to appoint him in mid-1980. But there must have been times when he hankered after the sharper and more starkly defined choices of wartime. For his time at BS has coincided with a disastrous world collapse in shipbuilding orders, a fervent desire by the Government to denationalise, and changes in defence policy.

He steps down at the end of this month from the chairmanship of BS, handing over to a much younger man who will be paid a much higher salary and at a time when BS, in the red ever since nationalisation in 1977, is struggling harder than ever. Last year's deficit topped £100m.

Its merchant yards are fast running out of work in the industry's woeful worldwide slump and offshore business is slack. But though new orders are desperately hard to come by, many BS executives see a more forbidding threat at home: privatisation of the profitable warship yards, leaving the rest to fend for itself.

The idea of privatisation, vehemently opposed by the industry's unions, is broadly accepted by BS management, however reluctantly. What disturbs some in the corporation is the possibility that it may be split up.

This is something that Sir Robert does not want to see, though he seems to fear it may happen. "If the Government sells off component parts, this will damage the image of British Shipbuilders with its customers."

"You can't take the eggs back out of the omelette once you've made it," says Sir Robert Atkinson (right) who retires from BS amid talk of privatisation

He is dead set against "breaking up and decimating a great British industry with very special skills which have got to be constantly used or they will die." Running through his comments in an interview this week, was one constant theme—the apparent unwillingness of the Government to make a firm commitment to shipbuilding in Britain.

This the Government denies. It argues that it has been helping out BS financially where necessary and applied to the EEC to relax rules on how much intervention fund money can be used to combat lower Japanese and South Korean prices—an issue that especially exercises Sir Robert—and win vital orders.

Although it has put some £780m into the industry since 1979—£534m in public dividend capital and loans, £170m from the intervention fund aimed at balancing prices with much lower ones in the Far East, and £75m in redundancy payments—the government has not responded with alacrity to Sir Robert's request for an emergency aid package.

"The industry is going beyond the Government's funding ability," said Mr Norman Lamont, Minister of State at the newly combined trade and industry department, in parliament recently. He added that Mr Graham Day, the successor to Sir Robert, "is well aware of the great need to reduce the cost of the shipbuilding industry."

BS is not in the strongest position to fight off any political challenge, even if it wants to. Trading losses in the year to March 31, 1983, ran out of control to reach £117.5m against the Government's loss limit of £10m. The 1981-82 trading deficit was £19.8m, half that of the previous year.

Despite the continuous red ink, Sir Robert is convinced that BS has shown it can be viable. The Government is sceptical. But for some irksome special factors, Sir Robert suggests, the BS performance would have been much better.

Unspoken but implied is a concern that the Government may use these poor figures—reflecting delivery delays, mainly at Scott Lithgow, a perennial problem yard and a customer default—to hurry up privatisation and detach the main naval building yards like Vickers, Vosper Thornycroft and Yarrow.

"Some parts of BS are profitable," said Mr Lamont last month. "The Government remain firmly committed to privatising those activities as soon as possible." He added: "We believe that privatisation offers the best route for the future of our warship building. I do not see why it should do any harm to merchant shipbuilding. I do not believe that that should be supported on the back of warship building."

In fact, the only profitable parts of BS are the warship yards, which currently have £2bn of orders against £1.7bn a year ago, while the merchant order book at end-June was down to £537m from £722m.

This is how the main divisions fared in 1982-83:

- Merchant. Trading loss of £55.7m, up from £36.2m.
- Warship. Trading profit of £31.7m, down from £38.6m.
- Offshore. Trading loss of £78.3m, up from £13.7m.

Pulling down the offshore division's performance was a hefty £66m loss at Scott Lithgow, which Sir Robert has slated several times. He referred, when announcing the results, to the yard's "5,000 deaf men." But more than 2,100 of them are to go by next March, part of a further huge job shedding of 9,000 people.

The temporary assistance he has been seeking from the Government—more help to win domestic orders and a speeding-up of non-private business, from the Royal Fleet Auxiliary or the lighthouse authority for instance — could run to some £200m over the next couple of years.

"You can't employ men if there are no ships to build and you can't pay them if there is no work to do. But you can't build ships unless you have a workforce," insists Sir Robert, who first pressed for aid back in March.

How keen are the warship yards' former owners to buy back their nationalised assets if the terms are right? So far, they have been cautiously non-commital. Upset by what they saw as distinctly ungenerous nationalisation terms by the last Labour government, they are pressing through the European Commission on Human Rights for a much better settlement.

The succeeding Conservative administration declined to raise the pay-out, so it is now up to the EEC to try to devise a settlement. Both BS and some of the former owners feel that the Government, though it denies this, could seek a way out of the compensation impasse by offering the yards back at not too steep terms.

Sir Robert is unlikely to greet this with enthusiasm. But the companies have not wholly given up on their former yards, though six years of nationalisation has changed the picture. "We never close the door to anything," states Mr Kenneth Ford, finance director of Vosper, now a major builder of hovercraft.

But Sir Robert's views on the damage he feels that a fissiparous privatisation policy could do are clear: "You can't take the eggs back out of the omelette once you have made it."

Letters to the Editor

Are export credits unequivocally a good thing?

From Mr J. Dingle

Conventional wisdom is that export subsidies are unequivocally a Good Thing, and therefore we should have more of them. This, however, is the conventional wisdom of exporters and banks, the interested parties who benefit most directly. If for no other reason, it should be questioned, and not only in terms of the merits of one type of development aid against another.

What is very clear is that competition to provide the most attractive financial terms for large export projects — which nowadays is competition to provide the most generous subsidy — has become a much more significant factor than competition to supply the most efficient technology or the most effective project management. Yet it does little for the long-term objectives of industrialisation in the importing countries, and it tends to undermine the development of technical excellence by the exporting countries.

These dubious results are achieved at a cost — to the taxpayer of course — which is justified mainly in terms of the employment said to be spun off from successful contractors' bids. But, when the full range of export subsidies is deployed to help a contractor (and his banks) win a contract, the value per unit of employment generated by a successful bid is likely to come close to the cost of supporting an equivalent unit of employment. Making subsidies more "competitive" would therefore tend to make the net return to the community as a whole negative. And this of course takes no account of the cost of certain other items associated with export projects — such as unrealistic additions to global production capacity — which are made worse by the ready availability of excessively generous financing terms. In other words, it is not unreasonable to suppose that there are more cost-effective ways of spending taxpayers' money than increasing the competitiveness of export subsidies of the conventional type.

It would be nice to think that the Government, in framing terms of reference for its committee of enquiry, (August 9) would take a broader view of the Export Credits Guarantee Department's role in "competition" than merely to examine insurance premiums. Perhaps the committee could also be asked to examine the whole rationale of export subsidies, in which ECGD plays only one, though nonetheless crucial, part.

J. Dingle.
Suite 1, Harcourt House,
19a Cavendish Square, W.1.

Economic situation in Iraq

From the Press Counsellor, Embassy of the Republic of Iraq

Sir,—Referring to the article by Lorne Barling and Patrick Cockburn on August 11, we would like to comment that, the title of the article did not exactly express the full meaning of what followed. It was worded in such a way as to frighten away those who want to seek new contracts with Iraq. In fact the economic situation in Iraq is not so dark as sometimes hurriedly painted.

Mr Johnson, the Confederation of British Industry deputy director of international affairs, has advised British exporters to maintain their existing contracts with Iraq. He has also expressed his belief that what difficulties Iraq may be facing now as a result of its war economy curtailing industrial investments "This would go ahead when possible."

We would like to add that Iraq is rich in economic potentialities as it was until a few months ago full of enormous prospects for all those who wanted to take the opportunity of contributing to its development. Iraq will not be non-existent and sooner or later peace will prevail and the country will start again tapping its huge wealth. It is short-sightedness to be scared away from co-operating economically with Iraq at this time, forgetting how it was instrumental in making prosperity possible for many just a short time ago, and overlooking the great future that awaits it when it will catch up and regain its losses. Some European countries have been far-sighted enough not to let this escape them. Instead of despair they have extended a *helping hand when needed*, thus making their confidence in Iraq a source of mutual wealth eventually. It is hoped that British business would be as confident and far-sighted.

Sa'ad Al-Bazzaz.
177, Tottenham Court Road, W.1.

Disenchanted farmers

From Mr A. Rosen

Sir,—David Dodwell (August 12) has correctly reported the facts relating to the FMC but has, I would suggest, drawn an incorrect conclusion.

I am certain that the result of this expensive failure was not caused by rejection of the FMC by farmers, as Mr Dodwell suggests, but by farmers' disenchantment with the National Farmers' Union leaders' handling of the whole matter.

Either the NFU wanted the FMC to remain in farmers' hands or it did not. If the latter then this could have been achieved more easily, more cheaply and certainly more effectively than the recent fiasco.

If, however, the NFU leaders really did want the FMC to remain within producer control then it would have been all too easy for them to raise the necessary funds from within union resources by means of a mortgage on the prestigious headquarters in Knightsbridge and, if necessary, a union-backed overdraft.

To have raised £10m in this manner would have cost the 120,000 members no more than £10 per year each—surely an insignificant individual cost when one considers that the FMC annually handles over £400m of farmers' beasts?

All in all a most pitiful performance by our NFU leaders and I would hope that the three responsible will take the honourable way out and submit their resignations forthwith.

Anthony Rosen.
Moor Hatches,
West Amesbury,
Wilts

The domino theory

From Mr M. Wimbs

Sir,—Messrs Marsh and Kaletsky's Chad article (August 12) makes disparaging references to "the old domino theory developed to justify the Vietnam war" and goes on to quote remarks about President Reagan's "personal obsession" with Col Gadaffy.

When living in Saigon in 1970, I read daily in the international press similar, though much bolder, denouncements of the "domino theory," coupled with personal attacks on American leaders. When, in due course, the South Vietnamese, Laotian and Cambodian dominoes fell, very much as postulated, the Press's silence was deafening.

Plus ça change . . . ?

Michael Wimbs.
Flat 51,
Stirling Court,
3, Marshall Street, W1

Monopolies and mergers

From the Chairman, Wider Share Ownership Council

Sir, — I write to endorse the sentiments expressed in your editorial "A new look at mergers" (August 11).

The Government is publicly and repeatedly committed to a policy of encouraging more citizens to hold shares. Some of its institutions, however, give the impression that the interests of shareholders deserve little consideration. The Monopolies Commission, in particular, acting within terms of reference which you rightly criticise, makes judgments on what its members conceive to be the "public interest" in which the shareholder is virtually disregarded; it then adds insult to injury by pretending to know better than the shareholders where the interests of their company lie.

The remarks of the commission about Mr Lewis may, as you say, be reminiscent of its earlier comments on Mr Rowland, but its conclusion was in fact the exact opposite: Mr Lewis's proposal was supported, whereas that of Mr Rowland was rejected. The commission appeared to take the view that Lonrho did not have — and, one had to suppose, could not acquire — the management necessary to make a success of House of Fraser. The decision in that case stands as the best example to date of the commission's assumption, which you rightly question, of the role of public management consultant—with a casting vote.

Nothing of this is consistent with the free market policies which the Government is presumed to favour.

Edgar Palamountain.
94, St Paul's Churchyard, EC4.

Gardeners begin at Calais

From Mr J. Croome

Sir, — Mr W. R. Haines (August 9) expresses the sense of deprivation felt by gardeners who have been without Mr Robin Lane Fox's articles during the FT's much-regretted absence. How much greater are the continuing sufferings of your Continental readers, who have been thus deprived ever since you began printing in Frankfurt. Please celebrate your return to life by putting Mr Lane Fox into the Frankfurt edition too; there are gardeners out there beyond Calais.

John Croome.
9 Ch. Bouchattet 129
Commugny Vaud, Switzerland.

FINANCIAL TIMES

Tuesday August 16 1983

Hoechst makes sharp recovery

By James Buchan in Bonn

HOECHST, the West German chemicals group, has made a sharp recovery in earnings in the first half of this year after three weak years.

In an interim report the group announced a 44.1 per cent improvement in pre-tax profits to DM 804m ($295.5m) against DM 558m in the weak first half of 1982. Parent company pre-tax earnings were up 24.4 per cent to DM 454m.

With an improvement in export markets, above all outside Europe, Hoechst's worldwide sales in the first half were DM 18.14bn, up 1.2 per cent over the first half of 1982. Parent company sales revenues increased by a marginal 0.4 per cent to DM 6.4bn, with a 3.4 per cent increase in domestic turnover confirming the industry's earlier expectations of a small boost in domestic demand.

With Bayer and BASF, the two other big German chemical companies, Hoechst reported lower profits *and a cut in dividend* last year. The climb back from the low point in the last quarter of last year is in full swing, however, and the company said figures for July and August so far confirmed the trend.

The sharp improvement in the parent company's use of capacity is further evidence. After sinking to a dismal 67 per cent in the last quarter of 1982, this has climbed to 75 per cent in the first quarter and 79 per cent in the second – without a corresponding increase in stocks, which are well down on the 1982 average.

International Company News, Pages 11, 12

Argentina gets IMF approval

Continued from Page 1

been held later this month, but was convened specially as a result of Mrs Margaret Thatcher's decision to delay UK bank participation in the $1.5bn bank loan until there was formal IMF approval of Argentiona's economic policies.

The concept of "non-discrimination" against any IMF member is a standard IMF condition. Although the IMF told banks around the world last week that it was satisfied that Argentina was no longer discriminating against UK companies, this was not enough to satisfy the Thatcher Government.

Now that the IMF board has given formal approval to the Argentine economic adjustment programme, the only remaining preconditions for disbursement of the Fund's next $300m tranche are that Argentina clear up its existing arrears and continue to satisfy the numerical criteria for domestic credit and other economic indicators.

The approval of the IMF and signing of the $1.5bn bank loan will be welcome news to Sr Jorge Wehbe, Argentina's Economy Minister, who last week was told privately by the ruling Argentine junta he had eight days to return to Buenos Aires with loan assurances in hand. If Sr Wehbe were to have been unsuccessful, it is thought his *position in the Government would* have been in jeopardy.

● **David Tonge, Diplomatic Correspondent, writes:** In London, British officials were last night pessimistic about the chances of normalising relations with Argentina. They pointed out that Buenos Aires had taken a year to live up to its agreement to end financial restrictions with London. It had only done so after pressure from the IMF forced it to allow the transfer of blocked funds, in the British view.

Now, Argentina was responding to British approaches through the EEC to put trade relations on a normal footing by demanding that Britain accept United Nations resolutions recognising Argentine sovereignty over the Falklands.

UK attempts to explain Argentine imports

BY CHRISTIAN TYLER, WORLD EDITOR, IN LONDON

UK GOVERNMENT departments were yesterday trying to unravel the mystery of £241,000 ($350,000) worth of imports from Argentina which are not supposed to have been allowed in.

According to Department of Trade figures, Britain took delivery of £69,000 of office and data processing equipment, £116,000 of machinery and transport equipment, and £30,000 of textile yarns in the first six months of this year.

But according to an edict at the start of the Falklands war in April last year, the Government was banning all imports. An exception was made for goods already in transit and for personal effects.

The UK Department of Trade said yesterday there might have been "a clerical error." It seemed to point the finger at the Department of Customs and Excise which said: "There is no explanation we can offer at the moment. We are looking into it."

Britain's ban on Argentine exports is still in force, and likely to remain so until Argentina decides formally to declare hostilities over.

In the same six months, Britain exported goods worth £2.6m, including drinks, machinery and transport equipment chemicals and scientific instruments.

Although Argentina reciprocated with a ban on UK imports, that ban was never complete. UK firms were, *and are, free to try to export* what they like to Argentina, provided it is not military equipment.

Trade between the two countries was worth nearly £300m in 1980. Last year it dropped to under *£100m worth, with £37m exported* from Britain and £59m imported. All but £1m of that trade both ways was conducted in the first six months of 1982 and presumably most it before the invasion of the Falklands at the beginning of April.

One explanation offered yesterday was that Customs and Excise had wrongly listed as Argentine exports goods originating in Brazil, Paraguay and Uruguay. There might have been "further clerical errors" in compiling the official statistics published by the Department of Trade.

Alternatively – or perhaps in addition – the goods might have been destined for onward shipment to other European destinations, in *which case they would not have* been affected by the UK embargo.

The other explanation is that the goods were brought in illegally and Customs officers had forgotten the Government's edict of April 6, 1982. In that case, the importers, if traced, would be liable to prosecution and penalties.

Offenders would be liable to sentences of up to two years in prison and/or fines

UK bookseller to set up video game distribution by cable

BY JASON CRISP IN LONDON

W H SMITH, the British bookshop and newspaper wholesaler, is the latest company to announce it is entering the new UK market for cable television.

The first service aims to provide video games in the home via cable television from next year. W H Smith *has an agreement with the* Video Games Network, a Californian company, to distribute its services in the UK and the Republic of Ireland.

W H Smith has set up a new division *to provide services for both* cable television and satellite TV. Mr Francis Baron, formerly chief executive of Guthrie International, has been appointed managing director of the new division.

Mr Simon Hornby, chairman of W H Smith said yesterday: "Although we decided, after a great deal of research, not to join a consortium for investment in the actual cable operations, we have been keeping a close watch for opportunities in this field. The Games Network will be our first step into providing cable services, and we are setting up this new cable services division as we plan to introduce other services for cable operators."

The new Games Network service will be offered to cable operators, who in turn will be able to sell it to customers as a premium service.

Any home which signs up for the service will be provided with a simple console, as part of the rental; 20 video games will be available via a cable channel.

The console is rather like a modified low-cost personal computer and has a full keyboard. The video games are stored in minicomputers at the cable operator's distribution point and are transmitted to the console via the cable.

Initially the game will be played from the console's memory. Eventually, *two-way cable systems will al*low the customer to play very sophisticated games on the host minicomputer itself.

One of the great advantages of the console is that *it will enable W H Smith to of*fer a range of other services via cable including "teleshopping" and "telebanking".

Yesterday, W H Smith would not specify any further services it plans *to offer on cable, but clearly its* mail order activities – including book clubs – would readily be offered on the system.

In the U.S., subscribers to the Games Network pay $10 to $15 a month for the service, which includes the console. W H Smith would give no indication of the likely price in the UK as much depends on negotiations with individual cable operators. The Games Network's main rival in the UK, Playcable, requires the subscriber to buy a video games player from one of the leading suppliers, such as Atari.

The consoles will be supplied to W H Smith by the Games Network *and are believed to be manufac*tured in the Far East. W H Smith hopes to offer games which have been developed in Britain, which will then be sold worldwide. Initially all the games will be supplied *from the U.S. Each month, some of* the 20 games are replaced.

The games are usually those which are available in arcades and sold for home computers and video game consoles. Some video games *may become available on cable* before they are sold as cartridges for the consoles.

W H Smith is the largest UK retailer of personal computers, and software. The most popular use of home computers, according to W H Smith, is playing video games. In the last financial year W H Smith sold £15m of personal computers and software. It was the first year it had been offering these products.

The new service will be available from 1984 when the first new cable systems will start being installed in the UK under the government's interim measures.

Stock and bond prices advance

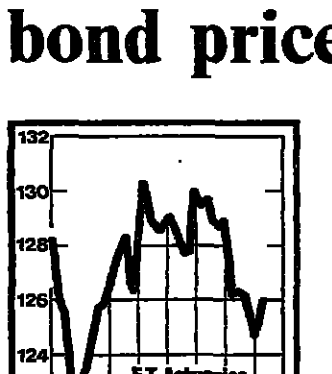
Continued from Page 1

But in Frankfurt, the Commerzbank index added 8.7 to end at 953.3, with the chemicals sector providing an impetus in the wake of Hoechst's sharp improvement in first-half earnings. In Amsterdam, there was particular investor interest in international issues, taking the index of internationals to a new 1983 high.

In London, equities rose almost uniformly across the board, following the gilt-edged market, which yesterday morning shot upwards in the wake of last Friday's rally in the New York bond market.

Long-dated stocks were as much as 2½ points higher during the day, their sharpest increase for many weeks, before losing some ground when U.S. bonds eased in early New York trading.

The new record was achieved without much weight of turnover, *however. Volume was said by job*bers to have been "pretty thin" throughout the day, when shares were marked up steadily as equity dealers watched the progress of gilt-edged.



The market took the first few points of its lift from the fact that jobbers began the day short of stock, having lightened their holdings last Friday in anticipation of much worse U.S. money-supply figures than those actually announced.

The rise would have been greater if six of the FT index constituents had not been quoted ex-dividend yesterday, stripping several pence out of the prices at which they had closed on Friday. But this handicap was largely overcome, with ICI for instance, closing 8p higher at 550p despite the removal of a 10p net dividend.

Among the other leading shares to post sharp increases were Glaxo, 30p higher at 915p, and BTR, up 20p at 551.

Poles to seek better debt deal

Continued from Page 1

two years in which the West had refused to talk with Warsaw about its debt, Poland had suffered the most, *but the situation had also not been* in the economic interests of the creditor countries.

At today's Vienna meeting, Mr Karcz said, Poland would be responding to proposals submitted last month by Western creditor banks for the rescheduling of some $1.5bn in principal and $1.1bn in interest due to the banks this year.

He said that he expected a simi*lar formula to that agreed for the* $2.4bn debt falling due last year but added that a 10 year rescheduling would be a sensible solution rather than the 7½ years agreed for 1982. Poland, he said, also expected a longer grace period than last year's four years, and a higher proportion of the interest due to be received as trade credits.

Western banks have proposed that 95 per cent of the $1.5bn in principal due this year be rescheduled over ten years with a five year grace period for principal payments and 60 per cent of the $1.1bn of interest due this year to be recycled as trade credits.

World Weather

		C	F			C	F			C	F			C	F
Ajaccio	S	27	81	Dubrovnik	S	25	77	Malaga	S	29	84	Salzburg	S	23	73
Akrotiri	S	29	84	Faro	S	23	73	Malta	F	28	82	Seoul	S	33	91
Algiers	S	31	88	Florence	S	28	82	Manila	R	30	86	Singapore	S	32	90
Amsterdam	S	23	73	Frankfurt	S	25	77	Miami	R	32	90	Stockholm	C	22	72
Athens	S	27	81	Funchal	F	24	75	Milan	S	25	77	Strasbourg	S	26	79
Bahrain	S	33	100	Geneva	S	27	81	Moscow	C	16	61	Sydney	C	18	64
Bangkok	S	33	91	Gibraltar	S	28	82	Munich	S	23	73	Taipei	S	34	93
Barcelona	F	28	82	Guernsey	C	17	63	Nairobi	–	—	—	Tangier	S	24	75
Beirut	S	28	92	Helsinki	C	14	57	Naples	S	29	84	Tehran		—	—
Belgrade	F	23	73	H. Kong	R	27	81	New Delhi	C	32	90	Tel Aviv	S	31	88
Berlin	S	22	72	Innsbruck	S	25	77	New York	S	25	77	Tenerife	S	26	79
Biarritz	S	25	77	Inverness	C	19	66	Nice	S	27	81	Tokyo	R	27	81
Blackpool	F	22	72	Istanbul	F	24	75	Oporto	F	20	68	Toronto	C	24	75
Bordeaux	F	26	79	Jersey	C	17	63	Oslo	F	17	63	Tunis	S	30	86
Brussels	S	23	73	Jo'burg	S	21	70	Paris	S	23	73	Valencia	F	28	82
Budapest	S	23	73	Las Palmas	F	23	73	Prague	S	21	70	Venice	S	26	79
B. Aires	S	18	64	Lima	S	22	72	Reykjavik	C	8	46	Vienna	S	22	72
Cairo	S	34	93	Lisbon	F	22	72	Rio de J'o	C	31	88	Warsaw	S	21	70
Cape Town	–	—	—	Locarno	F	25	77	Rome	S	28	82	Zurich	S	24	75
Caracas	S	28	82	London	S	25	77								
Casablanca	C	23	73	Los Angeles	C	36	97								
Copenhagen	S	20	68	Luxembourg	S	23	73								
Corfu	S	30	86	Madrid	S	28	82								
Dublin	C	23	73	Majorca	S	30	86								

Readings at mid-day yesterday

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Caterpillar loss likely

CATERPILLAR Tractors, revising its outlook for the year, said yesterday it was likely to incur a second-half loss.

The company also said it would record in the third quarter a nonrecurring cost estimated at $50m in connection with the closing of its Mentor, Ohio fork lift truck plant, a part of Caterpillar's Towmotor Corporation subsidiary.

It said forklift truck production at Mentor will be phased out by the *end of 1984. After that the plant will* be used on an interim basis as a distribution centre through most of 1985, when it will be closed and sold, Caterpillar said.

Caterpillar had third quarter losses in 1982 of $28,000 and losses of 204,000 in the fourth quarter.

The company said sales in 1984 could improve "significantly" over those of 1983 and it expects to be profitable in 1984.

Caterpillar said it is being cautious in its planning for next year because of weak market conditions outside the U.S. It said expansion is emerging in a few industrialised countries, but more slowly than expected.

While the company sees growth opportunities over the long term, Caterpillar attributed its caution to uncertainty in the timing of an upturn in the markets it serves and to the difficulty of predicting Reuter

BAT to sell U.S. stores chain

By David Dodwell in London and Richard Lambert in New York

BAT INDUSTRIES, the tobacco conglomerate, intends to sell a chain of more than 60 supermarkets in the U.S. in a deal likely to be worth more than $40m.

Batus, BAT's U.S. subsidiary, yesterday signed a letter of intent to sell Kohl's Food Stores to A & P, the once-ailing supermarket chain controlled by the Tengelmann group of West Germany. Negotiations should be concluded in the next few days.

Kohl's Food Stores, which is understood to have accounted for about 12 per cent of Batus's $5.5bn net sales last year, was BAT's first large retail acquisition in the U.S. Bought in 1972, it comprises 63 supermarkets, six beverage stores, four drug stores and three retail bakeries. They are all in the Milwaukee region of Wisconsin.

BAT will be keeping Kohl's department stores, which have risen in number from one to 29 over the past decade, with a further four to be opened in the next two weeks.

The sale comes as a result of a strategic shift by Batus from general to specialist retailing, particularly fashion clothing. Batus has recently bought Saks Fifth Avenue, Gimbel Bros and Marshall Field's of Chicago.

A & P – full name Great Atlantic and Pacific Tea – operates more than 1,000 retail food stores in the U.S. and Canada. After years of heavy losses it moved into profit in 1982-83, declaring a net income of $13.1m. The deal will mark its first expansion after several years of store closures.

SA paper plans big changes

By Our Financial Staff

THE Rand Daily Mail, the loss-making leading daily newspaper in South Africa, is to be restructured in a move due to be announced today by the news paper's owners, South African Associated Newspapers (Saan).

The financial section of the newspaper will be expanded into a tabloid supplement.

Although the Saan group has regularly been in the black, earning R6.23m ($5.8m) before interest income and tax in the first half of 1983, the Mail has been losing about R7m a year.

This is in spite of its heading the English language morning paper sales market with a circulation of 110,000 a day in the second half of 1982.

According to Saan's board the Mail is to "remain a vigorous independent English language newspaper." The restructuring plan involves the establishment of Business Day, a 20-Page five-day-a-week financial tabloid sold together with the Mail, and the setting up of an advertising sales force for the Mail separate from that of the remainder of the Saan group, which includes the weekly Financial Mail and the Johannesburg Sunday Times.

The Saan board expects the restructuring eventually to bring the liberal Mail back on a sound financial footing but does not forecast a return to profitability in the short term.

"This year the Rand Daily Mail will record a heavy loss. And there will also be a loss next year but these results are expected to show an improvement in 1985."

Bid for BHP

Continued from Page 1

Mr Holmes à Court announced last November that he was merging Bell Group with TVW Enterprises, of which he was also chief executive, to form a A$500m media, entertainment, transport and resources group, part of which comprises the UK-based Associated Communications Corporation formerly run by Lord Grade.

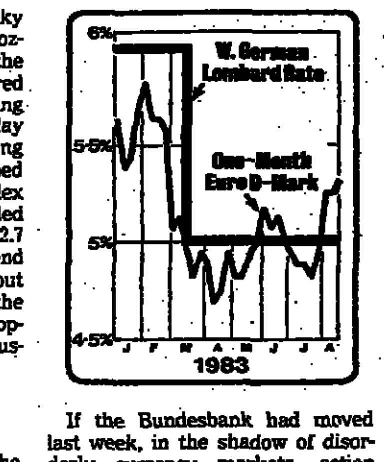
Recently, he raised eyebrows with a series of investment sales estimated to have produced A$100m, including his holdings in Thomas Nationwide Transport, Myer Emporium, Herald and Weekly Times, John Fairfax, and Advertiser Newspapers.

If nothing else, however, the Wigmores bid will cost Mr Holmes à Court an estimated A$50,000 in postage.

THE LEX COLUMN

Money worries for the Bundesbank

Equities had to bat on a sticky wicket yesterday, given half a dozen dividend adjustments among the leaders. But the jobbers appeared to be short of stock after expecting a higher U.S. M-1 figure on Friday night and the market, drawing strength from Wall Street, stepped out to knock the FT 30-Share Index soaring over the pavilion. It landed at a record 732.8, despite the 2.7 points surrendered on ex-dividend stocks. Gilt-edged closed up about 1¾ points at the long end, and the Government Broker must be hoping that the enthusiasm will be sustained for Wednesday's new tap.



Bundesbank

Last Thursday's decision by the Bundesbank not to raise its leading interest rates in order to defend the D-Mark on the foreign exchanges, coupled with the modest increase in the U.S. M-1 aggregate reported on Friday, have brought some relief to Frankfurt's jittery financial markets. But it would be a mistake to conclude that clearer signs of a toughening in the West German central bank's monetary policy have been postponed indefinitely.

In its August monthly report, the Bundesbank disclosed that, far *from slowing down further as had* been hoped, central bank money stock – the target aggregate – accelerated again in July and is now running at an annual rate of growth of around 9 per cent. So with each passing week the chances of the Bundesbank's being able to bring monetary growth within its 4-7 per cent target corridor are diminishing.

The monetary policy dilemma is becoming increasingly acute. On the one hand, the central bank is reluctant to encourage an increase in bank lending rates by giving market rates another upward jolt. Long-term bond yields have risen about a full point since their March lows, while in the money markets the cost of one-month money – at 5.5 per cent – makes the 5 per cent Lombard rate look artificially low.

On the other hand, if its monetary targeting is to retain credibility, the Bundesbank cannot just sit idly by. If, as seemed to be the case on Friday and again yesterday, pressure on the D-Mark is easing, the Bundesbank will find it simpler to claim to be following domestic interest rates and shunt the Lombard and Discount rates a notch higher.

If the Bundesbank had moved last week, in the shadow of disorderly currency markets, action would have needed to be vigorous to carry conviction. At the time, rumours in the market – which proved misplaced – suggested that the central bank was considering re-instituting a "special Lombard" of the sort which saw the light of day in February 1981.

It is possible that pressure on the D-Mark is now easing, partly for seasonal reasons. In both 1981 and 1982, the D-Mark reached its lowest point of the year against the dollar during August, when tourists were selling the currency to pay for their holidays.

If so, a modest upward shift in the Lombard rate to 5½ per cent might have some attractions. It would signal a more determined effort to rein in monetary growth than the steady draining of liquidity from the market that has been taking place since March. It might support the credibility of the central bank at a much lower price than that which would have been paid last week. And it could be argued that the impact on the domestic economy would be minimal.

TDG

If the haulage industry is the bellwether of economic health, TDG's results for the first half suggest that the waiting is not over yet. So far, the only transport subsidiary to have seen a real pick-up in demand is in California. Pre-tax profits for the group are up £1m at £9.3m, but the contribution from UK haulage is flat.

By contrast, the consumer-led cold storage business has been strong volume growth, which has allowed the group to push charges ahead. So pre-interest profits in this division have risen by £2.4m to £5.6m. This has more than compensated for a collapse in demand in reinforcing metal from the oil industry in Canada, where there has been a £1m turnround into pre-interest losses of £350,000.

TDG has curbed capacity in most of its businesses and, as a marginal carrier, the impact of any increase in transport demand will be geared. But the company's extensive overseas interests mean it is far from a pure UK economy play, while the share price in the past three months has responded to the recovery prospects and broken out of its recent trading range to within pence of the all-time high. At 101p, up 1p yesterday, the prospective yield is about 6½ per cent.

Lloyd's accounts

Another step was taken yesterday to contain conflicts of interest at Lloyd's with the announcement of proposals requiring extensive disclosure by underwriting agents. But the regulators are still a long way from a structure which will protect the interests of the providers of capital to the market, Lloyd's sleeping membership.

Potential and actual conflicts of interest permeate the auditing practices which have developed in the Lloyd's market. It is common, for example, for the auditors of an underwriting agency which manages the affairs of a syndicate composed of Lloyd's members also to audit the affairs of the syndicate.

In that relationship the auditors may reasonably take the view that their prime responsibility lies with the management of the agency and the shareholders of the agency company, whose interests may not necessarily coincide with those of the syndicate and its members.

Moreover, the new ruling powers at Lloyd's are not sympathetic to firms of accountants deriving more than 15 per cent of their business – the professional limitation – from Lloyd's sources.

Accountants with a substantial Lloyd's business say their aggregate portfolio of Lloyd's work may amount to more than 15 per cent of their total fees but, assessed individually, each client at Lloyd's represents rather less. Yet the winds of change are blowing and accountants with large Lloyd's practices may soon be forced to merge – or shed clients.

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FINANCIAL TIMES
Tuesday August 16 1983

Big disposals to streamline Gulf and Western

BY WILLIAM HALL IN NEW YORK

GULF and Western Industries, the conglomerate based in New York, will write off $470m and report a loss of approximately $215m for the year ending July 1983, as a result of a decision to divest itself of about a fifth of its operations.

Mr Martin Davis, Gulf and Western's chief executive, said that his board had given its approval to a plan to "sell those businesses which either do not fit with our core operations, are losing money, are profitable but have a poor return on investment, or have limited growth potential."

Mr Davis said that as a result, "Gulf and Western will be a stronger, leaner, more profitable, more growth-oriented company, with a solid base for expansion." As a result of management's confidence in the earnings outlook for the coming year and beyond, the group is increasing its annual dividend by a fifth to 90 cents per share.

The size of the planned write-offs is substantially higher than Wall Street analysts had been expecting. Nevertheless, the decision to streamline the company's operations does not come as a great surprise. Since the death of Mr Charles Bludhorn, the founder and chairman of Gulf and Western, the new management team has made no secret of its wish to change the company's management strategy.

Under Mr Bludhorn, who had a reputation on Wall Street as a "wheeler-dealer" in shares, Gulf and Western built up a sizeable investment portfolio of stakes of up to 30 per cent in many well-known U.S. companies.

Since Mr Davis took over the chief executive's role in February 1983, Gulf and Western has been steadily disposing of its investment portfolio. It has raised $650m from its share sales and the proceeds have been used to reduce the group's debt, which is now less than 40 per cent of total capital against almost 50 per cent a year ago.

Roughly half of the write-offs will result from the disposal of Gulf and Western's troubled natural resource operations. These include a 60 per cent stake in Jersey Miniere Zinc, all its chemical operations, mines and other smaller units.

Over the last few months, Gulf and Western has been consolidating its remaining operations into three major groups geared largely towards the consumer marketplace: entertainment and communications, financial services, and consumer and industrial products.

Cable TV casualty loses $69.3m

By William Hall in New York

OAK INDUSTRIES, a fast growing entrant to the U.S. cable TV business, made a net loss of $69.3m in its second quarter to June 30, after setting up a special reserve of $49.2m for potential inventory losses and uncollectable receivables in its communications business.

Oak is one of the more visible casualties of the U.S. cable TV market, which attracted many new companies through its promise of long-term growth opportunities. Oak grew very fast in the previous years but ran into problems last year through a combination of technical problems with some of its products and a slowdown in the overall market for cable TV equipment, which it supplies.

Oak lost $24.3m in its first quarter, and the second quarter loss, equivalent to $4.24 per share, compares with net income of $7.8m or 47 pents a share in the comparable quarter of 1982.

Leaving aside the special reserve costs, Oak's continuing operations also lost money in the second quarter, although the $10.4m loss was a $2.4m improvement on the operating loss in the first quarter of 1983. The company says that losses in the first half of the current year were due mainly to a decline in sales of cable TV equipment. However, its components and materials segments were profitable in both quarters.

For the first half of 1983 Oak made a net loss of $93.7m on sales of $220.5m. The company says that despite its losses, its financial condition remains strong, with adequate cash and borrowing and no significant long-term debt repayment due until 1991.

The latest quarter's results also include a $8.7m provision for the cost of terminating the Dallas, Fort Worth and Phoenix over-the-air subscription TV stations. This follows a $14.4m provision in the first quarter.

Akzo earnings rise almost 70 per cent

BY WALTER ELLIS IN AMSTERDAM

SALES at Akzo, the Dutch-based chemicals and fibres group, were slightly higher during the first half compared with the opening six months of 1982. The improvement confirmed the group's recovery which was indicated after a good first quarter.

With second quarter sales 5 per cent up on the first quarter, turnover reached Fl 7.4bn ($2.4bn) against Fl 7.3bn in the first half of last year.

Earnings jumped from Fl 106m to Fl 177m – an increase of just under 70 per cent.

Akzo attributes the improvement to better conditions for its range of products, notably in the U.S., and the positive effect of cost-cutting measures adopted in previous years.

Income from man-made fibres in the first half of this year came to Fl 42m, compared with Fl 25m during the same period in 1982. However, Akzo considers this level of earnings still to be unsatisfactory.

American Enka, the U.S. fibres division of Akzo which has been in serious difficulties throughout the recession, profited during the second quarter from the recovery of the U.S. fibres market.

The company was thus back in the black in terms of operating income, and has hopes of further improvement as the result of a comprehensive restructuring programme begun in the second three months.

In Europe, there has been little sign so far of any real recovery. But chemical products, in the second quarter in particular, have shown an overall improvement.

Akzo Zout Chemie, the chemicals division, has shown some evidence of better conditions, with much of the improvement due to a firming of the VCM/PVC plastics market.

Sales and earnings from plastic coatings in the first half of this year were well ahead of the position in 1982. Much of the improvement comes from Wyandotte, the U.S. paints company acquired this year.

Another important division, pharmaceuticals, continued to develop favourably, with sales rising from Fl 796m in the first six months of last year to Fl 824m during the first half of 1983.

BP subsidiary improves

BY NICHOLAS HIRST IN TORONTO

BP RESOURCES Canada, the publicly-quoted Canadian subsidiary of British Petroleum, increased net income in the first six months of the year, to C$13.3m ($10.7m) or 61 cents a share, against the C$8.3m or 39 cents a share earned by the natural resources divisions of BP Canada in the corresponding period.

In November last year, BP Canada agreed to sell its marketing and refining activities to the state controlled Petrol Canada for C$347.5m. Under the deal, C$24.44 per share was to be paid out to BP Canada shareholders. The rump of the business was renamed BP Resources Canada.

ISS to raise $2.8m with share issues

By Hilary Barnes in Copenhagen

ISS International Service System, the Danish industrial cleaning and security group, plans to make a DKr 14m ($1.43m) one-for-seven bonus issue of B shares and a DKr 14m scrip issue in September, the group said. The money will be used to back increased activities in the U.S. and Europe.

The group reported a first-half net profit of DKr 15.8m compared with a loss of DKr 7.2m in the same period last year. Turnover was up by 7 per cent to DKr 2.28bn.

Last year's loss was caused by extraordinary insurance costs to its U.S. subsidiary, Prudential Buildings Maintenance. With this problem out of the way, the U.S. operation made a first half profit of $400,000 this year against last year's $2.5m loss.

Kevin Done in Stockholm analyses the impact of a $125.7m withdrawal from plastics manufacturing

KemaNobel alters petrochemical equation

KEMANOBEL, Sweden's leading chemicals company, is redrawing the frontiers of the petrochemicals industry in northern Europe.

Its strategic decision to pull out of plastics manufacturing in two deals which could be worth more than SKr 1bn ($125.7m) takes a stage further the far-reaching restructuring of the European petrochemical sector, which has run up enormous losses in recent years under the burden of chronic over-capacity.

At the same time the deal has opened the door for a further aggressive acquisition by its ambitious Norwegian rival, Norsk Hydro, Norway's biggest company, which is expanding rapidly on the back of its growing North Sea oil and gas assets.

In addition KemaNobel's planned withdrawal from PVC (polyvinyl chloride) and polyethylene production could give Neste, the large but little-know Finnish state oil and petrochemicals company, the chance to emerge from its northern fastness to take its first significant stake in the troubled European plastics industry.

For the other actor in the deal, Union Carbide of the U.S. KemaNobel's partner up to now in polyethylene production in south-west Sweden, the sale could mark its final disappearance from the European petrochemicals sector, a retrenchment which began in 1978 with the disposal of a series of plastics plants in Belgium and the UK to British Petroleum.

The various parties are still to agree a price and approval of the authorities in the different Nordic countries is still to be given, but Mr Ove Sundberg, president and chief executive officer of KemaNobel, is confident that the deal will go through.

For Sweden the KemaNobel disposal represents one of the biggest ever transfers of industrial assets to foreign ownership, but the fact that the buyers come from within the Nordic region should make the sale more palatable.

KemaNobel is proposing the following transactions:

- the sale to Norsk Hydro of its 110,000 tonnes a year Swedish PVC operations, including the associated plants for producing the raw materials and intermediate chemicals, chlorine and VCM (vinyl chloride monomer). Sales last year amounted to about SKr 550m and the plants have a workforce of around 400. PVC is used in a range of products from pipes, flooring and wallpapers to cables, packaging and records,
- together with Union Carbide the sale to Neste of their joint subsidiary Unifos Kemi, which has a production capacity of about 440,000 tonnes a year of high and low density polyethylene based at Stenungsund on the west coast of Sweden, north of Gothenburg. Unifos employs around 750 people and had sales of SKr 1.1bn last year. Polyethylene applications include packaging film, pipes, refuse sacks and cables.

For Norsk Hydro the negotiations with KemaNobel are a further step in its aggressive campaign in recent years to carve out for itself a substantial presence in the European plastics and fertiliser markets.

In the last couple of years it has made a string of acquisitions, chiefly in Scandinavia and the UK. In the PVC sector it has swallowed up Vinatex (bought from Conoco and Staveley Chemicals) and BIP Vinyls (acquired from Turner and Newall). In the fertiliser sector it has bought up the Fisons fertiliser operations in the UK, 75 per cent of Supra, the Swedish fertiliser manufacturer, including the stake held by KemaNobel, and the Dutch Belgian fertiliser company NSM (Nederlandse Stikstof Maatschappij).

If Norsk Hydro takes over the KemaNobel PVC operations it will have a total capacity of around 300,000 tonnes, with plants in Norway, the UK and Sweden. It would have around 10 per cent of the European market, bringing it into the same league as the giants of the industry such as Solvay, Veba, ICI and the national concerns in France and Italy.

In common with most of its rivals, KemaNobel lost money on its plastics operations in 1981, but they had been pulled back to a break-even position by last year and profitability has improved this year helped by an upswing in the market and the major restructuring measures carried out by the industry to shut plants and cut excess capacity.

From an obscure position in the Nordic market Neste could emerge as one of the big producers in Europe, with a particularly strong position in speciality plastics. More than 50 per cent of Unifos' sales are outside the Nordic region and outside the loss-making commodity plastics business.

For the seller KemaNobel, the proposed deal offers the chance to concentrate its business in more profitable areas which are less vulnerable to pressure from the large oil companies or the state-owned chemicals groups. It has been considering withdrawal from petrochemicals for at least five years, admits Mr Sundberg.

KemaNobel shares have surged from a low of SKr 150 to a high of SKr 460 a share this year.

AGA to sell shares in UK and U.S.

By David Brown in Stockholm

AGA, the Swedish industrial gas group, has announced plans for a private share placement in the UK and U.S. this autumn. At current rates, it could raise up to SKr 280m ($35.2m).

The funds are needed mainly to solidify AGA's rapidly expanding U.S. operation, according to Mr Jan Belfrag, group finance director.

AGA recently finalised plans to build a new gas separation plant in Ohio at a cost of SKr 165m.

The issue is motivated by restrictive Swedish foreign exchange regulations and a desire to achieve a "better spread" between foreign and domestic shareholdings, Mr Belfrag said. Of total 1982 sales of SKr 4.9bn, 70 per cent were abroad.

In 1979, the group raised $25m through a convertible bond issue in London, where its shares are now traded on the stock exchange.

The new issue – up to 780,000 B shares – will be lead-managed by Hambros Bank and "probably" limited for technical reasons to 200 investors. Part of the issue will be made available in the U.S.

Mr Belfrag said the move will come some time after the extraordinary shareholders' meeting on September 2, which is expected to approve the issue. Six-month figures will be released at the same time.

K mart's net income rises

K MART, the second biggest non-food retailer in the world, increased its second quarter net income by 94 per cent to $117.7m on the back of a 12.7 per cent increase in sales to $4.7bn.

The latest quarter, ending July 27, is the fifth consecutive quarter of earnings improvement and the company's best quarterly performance.

Asea has strong first half

BY KEVIN DONE IN STOCKHOLM

ASEA, the electrical engineering and electronics group and Sweden's fourth largest corporation, more than doubled profits in the first half of the year, with profit margins improved and sales volumes higher.

Group earnings after financial income and expenses jumped to SKr 824m ($103.6) compared with only SKr 386m in the first half of 1982.

Invoiced sales rose by just under 20 per cent in SKr 13bn compared with SKr 10.9bn in the corresponding period last year.

The company said yesterday that sales of power transmission and industrial equipment had grown particularly strongly. Asea is the largest producer of industrial robots in Europe and is building a robot factory in Japan.

The company is seeking to strengthen its presence, particularly in high-technology segments of the market in North America, Europe and Japan.

New orders from several developing countries are stagnating as a result of those countries' high debt levels and falling oil prices. Asea is facing an uphill battle to save the $563m Indonesian hydroelectric power scheme contract it was awarded with the construction groups Skanska of Sweden and Balfour Beatty of the UK last year. Work has been stopped at the site since early summer.

Overall, Asea booked new orders worth SKr 13.2bn in the first half of 1983 compared with orders of SKr 11.6bn in the same period of last year. At the end of June the company had an order book worth SKr 32.2bn compared with SKr 28bn a year earlier.

From this week, Asea shares are to be quoted on the OTC (over-the-counter) market in New York, its second foreign quotation after London.

In the company's interim report, Mr Percy Barnevik, chief executive, said earnings for the year would show a substantial improvement over 1982, but he gave a warning that the rate of increase would be slower in the second half of the year. Earnings per share on a half-yearly basis rose to SKr 10.80

The Asea share price has increased dramatically this year, with its restricted "A" shares trading yesterday at SKr 340 a share compared with a low for the year of SKr 128 and a high of SKr 355.50.

Mikron plans public issue

By John Wicks in Zurich

A MAJORITY stake in Mikron Holding, the Swiss machine tool company, is to be offered to the public. Dr. Christian Gasser has sold 18,000 Registered shares of SwFr 100 nominal value to a consortium consisting of Swiss Bank corporation, Cantonal Bank of Berne and Bank Leu, which will call for subscriptions at a price to be announced on August 18.

The Bienne-based Mikron Group, one of Switzerland's leading machine tool manufacturers, employs 842 people

The issue will increase share capital from SwFr 10m to SwFr 15m. Shareholders will be entitled to purchase one new SwFr 100 nominal value share at a price of SwFr 240, for every two existing shares held.

Legal battle as Marc Rich impasse ends

BY PAUL TAYLOR IN NEW YORK

LAST WEEK U.S. federal agents stopped a plane on the runway about to take off for Switzerland and seized two steamer trunks full of documents.

The incident predictably made all the headlines. But behind the drama surrounding the court battle between the U.S. Government and Marc Rich AG, the major Swiss-based commodities trading group, another tussel is being played out.

The real dispute revolves around the jurisdiction claims of the U.S. and Swiss courts. So far the only clear loser in the battle is the Marc Rich group itself, thrust into an unwelcome public spotlight which threatens to disrupt its normally secretive and highly profitable commodity trading activities.

The dispute has its origins in a 1982 U.S. grand jury investigation of Marc Rich AG and its U.S. subsidiary Marc Rich and Company International, concerning possible tax violations in the U.S.

As part of the investigation the grand jury subpoenaed various documents from the Marc Rich group, including some from the Swiss-based parent company.

According to Mr Willy Strothotte, formerly head of Marc Rich's metals and mining unit and now president and chief operating officer of Clarendon Ltd, the New-York-based company which recently bought the assets of Marc Rich and Company International, this led to a conflict between Swiss and U.S. court requirements.

"The company found itself between two jaws," said Mr Strothotte. On the one hand Marc Rich was in contempt of court in the U.S. for refusing to hand over documents from the Swiss parent company but on the other the commodities trading group felt it was not in a position to break Swiss company disclosure restrictions.

Mr Strothotte revealed that last year Marc Rich had sought permission from the courts in Zug, Switzerland, to supply the documents. In response the Swiss courts issued an injunction restraining the Swiss company from complying with the subpoena.

Despite this, Mr Strothotte maintains that the U.S. subsidiary, Marc Rich and Company International, was complying "in full" with the court's subpoena. In addition he believes all the documents, including those requested from the Swiss parent company, would eventually have been made available under existing treaties between the U.S. and Switzerland.

"The tragic thing is that all the documents would have come through in time," he said. According to Mr Strothotte, Marc Rich and Company International had been supplying documents at the rate of about 75,000 a week since last year.

The battle between the two countries' courts heated up in June after a New York federal judge imposed a $50,000 a day fine on Marc Rich for failing to comply with the subpoena.

The day after the fine was imposed Marc Rich sold its U.S. unit to a group of investors who renamed the company Clarendon Ltd.

According to Mr Strothotte the investors were led by Mr Alexander Hackel who had been managing director of the company and is now chief executive of Clarendon. The shareholder group, led by Mr Hackel, is composed largely of Marc Rich AG shareholders excluding Mr Marc Rich and Mr Pincus Green, the two men who together have built up the Marc Rich empire since the mid 1970s.

Mr Strothotte says the reason for the sale was simply an attempt to separate the position of individuals and the company. He maintains Clarendon and Marc Rich AG are now two "entirely separate companies."

Nevertheless the attempt to shield Clarendon from the adverse effects of the court action failed.

After discovering the asset sale the U.S. courts, fearing an attempt by the Marc Rich group to transfer assets out of the U.S., imposed restraining orders to freeze assets of Marc Rich banks customers and affiliates.

The impact of the court actions on Marc Rich AG itself can be judged by the turnround the company made earlier this month.

Having steadfastly refused to hand over the subpoenaed documents, Marc Rich agreed on August 5, after a week of negotiations with government lawyers, to hand over the documents requested by later this month.

Probe by Swiss Government

MARC RICH, the Swiss-based commodities trading company, may be prosecuted in Switzerland for agreeing to supply subpoenaed documents to a New York court, John Wicks in Zurich writes.

The documents in question had been demanded by the U.S. authorities in connection with allegations that the company had shifted profits from America to Switzerland by over-billing practices. These were claimed to have resulted in a tax fraud of some $20m.

INTERNATIONAL COMPANIES and FINANCE

Michael Thompson-Noel reports on the impact of the Australian government's steel industry rescue plan on the 'Big Australian'

BHP sees a way back to the black

WHEN Broken Hill Proprietary (BHP) sneezes, the rest of Australia feels the draught, for the "big Australian" is not only the country's largest industrial concern, with annual sales of A$4.5bn (US$3.9bn), but also its biggest non-government employer.

It has more than 55,000 employees, 180,000 registered shareholders (most of them Australian), and millions of small stakeholders whose savings are invested in pension and life assurance funds.

Hence the importance of last week's announcement by the Government of a five-year support and protection package for the Australian steel industry, over which BHP wields monopoly control.

In return for cash bounties of up to A$71.6m a year, to be paid to secondary processors of BHP steel (mainly BHP subsidiaries and affiliates), the Big Australian will launch a four-year, A$500m to A$800m steel investment plan, and has agreed not to sack any more steel workers, though their ranks will be further thinned through natural attrition.

The steel plan—described by the government as "unique," and by BHP as "workable"—marks the first foray of Mr Bob Hawke's Labor Government in Canberra into the realm of industrial restructuring but was not unanimously praised.

For some, it signalled a landmark in Australia's economic development, and an impressive scheme for saving the Australian steel industry. For others, from the Australian Liberal Party to the Murdoch Press, it was a "happy hand-out" for BHP, a "curate's egg," and a "patchwork palliative for a sick enterprise."

Either way, it is certain to stop the haemorrhaging in BHP's steel division, which in the year to May 31, 1983, caused a steel loss of A$144.2m against a loss of only A$12.6m in 1981-82, and precipitated a 31 per cent slump in group net profit, to A$252.8m on sales of A$4.5bn, down 4.7 per cent.

Outlook improving

The steel outlook is now improving, says BHP. This is from a "dreadful base," though it hopes to scramble back into the black pretty soon.

Though sometimes criticised for ponderous management, BHP claims to have already launched a programme of self-help in steel. In the 24 months to May 1983, the workforce was cut by a third, to 29,900.

Costs have been reduced, old plant closed, new products developed, delivery performances improved, and new export avenues (such as slabs from Whyalla, in South Australia, for Iran) tapped, claims BHP.

Yet still the losses mounted—though only in steel. The minerals division showed a 77.6 per cent improvement in net profit in 1982-83, to A$50.9m, and oil and gas profits rose 11.8 per cent, to A$300m.

The main feature of the government's steel support plan, from A$72m-worth of bounties per year, which take effect from next January 1, is a safety net aimed at keeping BHP's share of annual domestic steel sales above 80 per cent.

Whereas BHP's raw steel output in 1982-83 fell from 7.2m tonnes to 5.3m tonnes (the lowest in 18 years), imports are at present capturing about 17 per cent of domestic sales, against a 20-year average of 11.2 per cent.

The bounties are intended to boost BHP's market share in sectors most vulnerable to import competition, though according to BHP's executive steel manager, Mr David Rice, the support package is a total steel plan.

"The higher production we get, the less bounty we get," he says. "It's not going to make life comfortable for us. It will keep us very much on our toes. It's so volume-sensitive that we would go for tonnes every day rather than bounty."

The main objective, says BHP, is to improve throughput and boost productivity, from about 220 tonnes per man-year at present to at least 250 tonnes.

The unions agree to all this, having endorsed the productivity side of the equation, and agreed to accept Arbitration Commission wage rulings. According to the government: "In their discussions, the company and the unions agreed that the settlement of disputes procedure would be strictly adhered to by both parties, and the company would consult, within agreed guidelines, with the union movement on changing work modes."

In addition, the state governments of South Australia and New South Wales have said they will restrain rises in charges affecting the steel industry, such as rates, royalties, and freight.

In 1982, when the amount of raw steel produced fell by 14 per cent NSW government charges per tonne rose by some 30 per cent, says BHP. Overall, NSW taxes and charges last year cost BHP about A$150m.

In return for aid and protection, BHP will embark on an investment plan costing up to A$800m over the next four years, of which A$500m is already firmly committed to the upgrading of plant at Newcastle, Port Kembla, and Wyallah.

However, BHP admits that expenditure of about A$100m a year is necessary just to stand still, let alone overhaul the ultra-modern steel industries of the Western Pacific against which it cannot, at present, compete.

Guaranteed sales

Investment of A$500m to A$800m over four years falls a long way short of BHP's original plan as presented to the Industries Assistance Commission, which envisaged an investment of A$2.8bn over 10 years, in return for a guaranteed 85 per cent of domestic steel sales over the next decade, accelerated depreciation, and the introduction of group tax relief.

However, Labor's minister for industry and commerce, Senator John Button, whose gnomic presence has been one of the successes of the Hawke cabinet to date, says he is satisfied that A$800m over four years (the upper end of the register) will be enough to restore the industry to viability.

In his view, the package meets the approval of importers and downstream steel users, as well as BHP.

There are various reservations about the steel package. For example: Will the unions continue to play ball with the Hawke government once a significant uplift in commodity and metals demand has re-fuelled the Australian resources boom?

Does the new Steel Industry Authority, which the government is appointing as overseer, pressage all manner of government snooping and meddling?

How will productivity in the steel mills be measured?

Above all, is BHP really interested in rejuvenating its steel business?

Although there is scant evidence for it, there is a school of thought in Australia that maintains that rather than cast good money after bad, BHP would rather quit steel altogether, and concentrate on the multi-resource side of its operations (oil, gas, coal, gold, etcetera) that is already yielding such good dividends.

However, there was a time when BHP enjoyed fat profits from its monopoly control of the domestic steel business. Whether that era can ever be revisited is a deep imponderable. But with the aid of Canberra's ingenious steel package, it is keen to have a try.

Improvement at Rothmans Australia

By Michael Thompson-Noel in Sydney

ROTHMANS of Pall Mall (Australia) scored a 39.3 per cent improvement in net profits for the year to June 30, 1983 to A$31.6m (U.S.$27.8m) on sales of A$660m, up 20.2 per cent.

A final dividend of 22.5 cents a share has been declared, against 20 cents last time, for a total of 45 cents a share.

Tax took A$25.3m compared with A$18.7m, interest charges were A$1.5m against A$1.6m, and depreciation A$4.1m against A$3.7m.

Rothmans (Australia) owns 14.99 per cent of Allen's Confectionery, for which Cadbury Schweppes Australia and the locally owned Nelson Tobacco Company bid A$48.4m earlier this year. The bid was blocked by the Foreign Investment Review Board in Canberra.

● Reuters adds that Thomas Nationwide Transport is paying an unchanged fourth quarter dividend of three cents for the period to June 30 making an unchanged total of 12 cents for the year.

HK Land in talks on standby credit

HONG KONG — Hongkong Land, the biggest property concern in Hong Kong, has discussed with banks the possibility of arranging a long-term standby credit of some HK$1bn (U.S.$140m).

According to bankers the company, which already has a heavy debt burden, wants the credit as an insurance against additional needs in the future.

A standby credit is similar to an overdraft facility. If one is arranged, Hongkong Land will have a credit facility that it can tap at its discretion, at an already agreed interest charge.

Hongkong Land has been hit hard by the local property slump and has run up debts totalling more than HK$12bn. The company has no current plans to take on additional debt. But some bankers are speculating that it may float new shares or sell some assets to raise money. They note that this would enable the company to get funds without increasing its debt.

AP-DJ

Money capsule from Mitsubishi

BY CHARLES SMITH IN TOKYO

MITSUBISHI BANK has launched a new savings and investment instrument called the "money capsule," an ingenious combination of a medium-term deposit and an investment in 10-year government bonds. It carries a yield, at current interest rates, of 9.366 per cent per year.

Mitsubishi says this yield is slightly higher than the return on long-term post office savings accounts and, although a little lower than the yield on the government bond-based investment trusts managed by the securities houses, offers greater flexibility.

An investor purchasing a Y500,000 unit would be buying Y300,000 of 10-year government bonds and making a three-year term deposit. The funds are not withdrawable in the first year.

Interest is earned on both the deposit and the bonds and this is added to the account. At the end of three years a new three-year deposit account is opened. This process is repeated again and in the final year a one year deposit is arranged.

Income from both the deposit account and the bonds is eligible for Y3m of tax exemption, so on the capsule as a whole the saver can qualify for a tax exempt income of Y6m.

Mitsubishi planned to launch the capsule in July but the government failed to issue any new bonds. The launch is now due this month but the Finance Ministry has asked the bank to make it clear to investors that the yield on the capsule could vary with the rate of interest.

The bank began taking orders for the capsule last week and is confident that other banks will soon follow with capsules of their own.

Lincoln National Life expands

BY BERNARD SIMON IN JOHANNESBURG

LINCOLN NATIONAL Life Assurance of the U.S. has bought a 24.8 per cent stake in TransAtlantic Insurance Holdings of the UK, whose investments include substantial minority interests in Sun Life Assurance, and Capital and Counties, the UK property company.

TransAtlantic's controlling shareholder is Liberty Life Association, South Africa's third largest life assurance group. As a result of the transaction, Liberty's stake in TransAtlantic has dropped from 66 per cent to 51 per cent.

TransAtlantic's capital was recently increased by £32.25m through the issue of 21.5m new shares. Of these, 20m were subscribed for by Lincoln National at a cost of £30m.

Mr Donald Gordon, Liberty Life's chairman, said that Lincoln had been brought in as a shareholder in TransAtlantic because of its U.S. connections and because "they are very similar in approach to ourselves." He said there were no immediate plans to use the link with Lincoln for expansion by Liberty Life in the U.S.

TransAtlantic was set up in mid-1980 as a holding company for Liberty Life's investments in insurance, real estate, and other financial services in the UK. Liberty Life said yesterday that "further investment opportunities are currently being investigated."

Lincoln National Insurance, based in Fort Wayne, Indiana, is a subsidiary of the U.S. insurance holdings company, Lincoln National Corporation.

● Tiger and Sugar Holdings said its underwritten R87.2m rights issue will be made on a 20-for-100 basis to shareholders on register by August 19, Reuter reports from Johannesburg.

The new shares will be issued at 600 cents each, compared with Tiger-Sugar's current price of 650 cents.

C. G. Smith, which owns 95 per cent of Tiger-Sugar and has an offer open to minorities, will renounce its entitlement in favour of its shareholders, who will be offered 30 Tiger-Sugar shares for every 100 Smith shares.

Smith's parent company Barlow Rand said it intends to privately place its portion of rights shares to increase the spread of shareholders in Tiger-Sugar.

Singapore SE seeks more space

SINGAPORE—The Stock Exchange of Singapore (SES) said yesterday hat it plans to spend about S$46.3m to buy space in a new building.

The building is being developed by Malayan Credit, which has among its directors and indirect substantial shareholders, two of the directors of an SES member firm, Kim Eng Securities (Private). The two are Gloria Lee Sau Yin and Ronald Ooi Thean Yat. A third, Kim Eng director, Douglas Ooi, is the exchange's deputy chairman.

The exchange said its governing committee was negotiating with Malayan Credit for the whole of the basement floor, or about 46,300 square feet, at S$1,000 a foot. The actual purchase is subject to SES-members' approval, as well as that of Singapore's Urban Redevelopment Authority.

Malayan Credit obtained the building site through a tender by the authority. It paid S$136.1m for the land on Shenton Way, in Singapore's financial district. A 100 per cent owned subsidiary, Malayan Credit Land, is the actual developer.

The SES said the URA would have to give prior consent to the purchase, since the building plan will have to take the exchange's specific requirements into account.

The Stock Exchange said that if it proceeded with the purchase, Malayan Credit had agreed to name the building—The Stock Exchange—or something similar, as may be approved by the competent authorities.

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Promet more than doubles first-half profits

SINGAPORE — Promet has announced that group after-tax profits for the half year ended June 30 rose by 107.6 per cent from the 1982 first half, to 38.8m ringgit ($16.9m).

Group turnover, however, fell 7 per cent to 223.9m ringgit.

The Malaysian rigbuilding and construction concern said the results were in accordance with earlier projections and that similar profits were expected for the second half.

The company did not announce a dividend.

United Industrial Corporation of Singapore said group turnover fell 7 per cent in the half year ended June 30 from the like 1982 period, to S$26.6m (U.S.$12.7m).

Profit after extraordinary items, but before taxes, fell 53 per cent to S$3m.

UIC said last year's results included an extraordinary item of S$6.2m, representing pre-tax profit on the sale of space in UIC's building in Singapore.

The property, investment and chemical company did not announce a dividend.

Industrial and Commercial Bank said group pre-tax profits rose 3 per cent to S$19.2m in the half ended June 30, compared with the first half of 1982.

For the bank alone, profit was one per cent higher at S$10.6m. Both figures take into account transfers to inner reserves. The bank declared an unchanged interim dividend of seven cents.

Jurong Cement said its sales rose 41.6 per cent in the year ended March 31 from the previous fiscal year, to S$84.2m.

Jurong said pre-tax profits were 89.1 per cent higher at S$14.3m. The company said it would pay a first and final dividend of 10 cents, less tax, and that it expected continued improvement in its results for the current fiscal year.

Jurong Cement also said it would make a one-for-five scrip issue, subject to shareholders' approval.

United Overseas Bank (UOB) said its after-tax profits rose 26.5 per cent in the half ended June 30 compared to first-half 1982, to S$58.7m. Group net profits rose 24 per cent to S$81.2m.

The bank did not give operating revenue figures. It declared an unchanged dividend of 8 cents less tax.

Two UOB units have also announced their first-half results. United Overseas Insurance said after-tax profits fell 30.3 per cent in the period, to S$2.2m. The figure includes the results of wholly-owned subsidiary UOB Insurance (HK), which began operations in April.

United Overseas Finance said its after-tax profit rose 5.7 per cent to almost S$4.2m.

Overseas-Chinese Banking (OCBC) said group after-tax profits rose 5.6 per cent in the first half to S$63.5m. Bank net profits rose 6.6 per cent to S$46.8m.

Operating revenues were not stated for either the bank or the group. Both profit figures take into account transfers to inner reserves. OCBC declared an interim dividend of six cents, less tax, up from five cents last year.

The bank also said it would make a one-for-ten rights issue at S$3 a share. It predicted higher earnings and dividends for the whole year.

AP-DJ

THE ARTS

Costume

History re-fashioned

The Costume Court at the Victoria and Albert Museum has re-opened after a closure of about five years. It seems even longer, and I, like many others, have missed it. You find it across the corridor from the Raphael Cartoons (one of the great monuments of the Italian High Renaissance).

Truly, the V & A is all things to all men — or a great many of them, anyway. In the Raphael court, when I was there, was the marvellous Bernini group at a betwixt and between stage in re-installation on its new site. High on a plinth still of bare brick, Neptune and Triton (again, a masterpiece of European high art, though baroque), strove energetically against a bondage of scaffold poles and foam rubber. Maddening, if you'd just stopped off in London to see Bernini plain, but for the local habitué of the V & A, who can visit again next week, an unrepeatable, unforgettable sight, pure bonus.

The ideal image of a great museum may be suspended in a crystal of silence and slow time — the reality is very different. The place teems with business, and the noise of alterations, improvements, mere maintenance of fabric and displays, is that of a large building site. It is alive.

However, and perhaps unexpectedly, a version of the ideal image does materialise over the corridor in the new display of the dress collection. A version—for there is no possibility of a final resolution of the problem of displaying sartorial fashion. At least there is but it would be in a thus far unprophesied form of Resurrection. Not naked would one start from the grave but in the typical (but best) gear of one's time on earth, in London, Paris, New York, Peking, Delhi. Unlikely but a most remarkable Easter Parade.

Other, more realistic, possibilities are to display dress, stretched on pins as if dead butterflies, displaying structure, technique, colour; or to show it as document of social and economic history; or as work of art, attempting to concentrate the attention of the spectator on essential aesthetic qualities. Significant form? Very often costume displays attempting to combine all these aims, and more, end in muddle.

In a famous essay, Baudelaire observed: "Fashions should never be considered as dead things; you might just as well admire the tattered old rags hung up, as slack and lifeless as the skin of St Bartholomew, in an old clothes dealer's cupboard; rather they should be thought of as vitalised and animated by the beautiful women who wore them . . ." Leaving aside his old-fashioned sexist convention of excluding the male from his consideration of fashion and dress, one must admit he has a point.

What is missing from any museum display of historic dress are motion and the individual inhabitants of the dress in flesh and blood, in life. "Two things," Baudelaire notes elsewhere: "the woman and her dress—an indivisible unity." Even if you were to put the historic costumes on to living models, it would not work. Apart from wearing the precious survivors out, where would you find the right period physiques among today's women? The plump Lely faces, for example, or those hock-bottle non-shoulders of the 1950s.

The new permanent display in the V & A sustains an almost austere consistency in its presentation. Gone are such enticements to the viewer as the traditional "tableaux," the frozen conversation pieces, that Madame Tussaud can sometimes stage so startlingly. Gone, too, the gimmicks, like dummies without heads or woven in wicker-work. The mannequins are complete. The styling of hair is acknowledged to be an essential part of the styling of the whole figure; hair (wigs) is worn throughout.

The care for scrupulous authenticity is taken to the extreme of modifying the physique of each mannequin to fit each historic dress—not the other way round; there is no adjustment by pins, no taking-in of the original or, in a rather different sense, of the spectator anxious for truth rather than illusion. One result of this is variation in stature; the figures come in different shapes and sizes as in life. This stresses—at least in the later periods whence costumes have survived entire and are not assemblies from different sources—the individuality of each unique dress.

On the other hand, the individuality of the wearers is in other ways literally and deliberately faded out. The faces are de-personalised, almost colourless, the eyes unseeing, and the hair, though correct in mass and contour, bleached to almost uniform grey. This gives an almost eerie uniformity of atmosphere throughout the display: silence and slow time indeed: a feeling enhanced by the absorbent hush of thick new grey carpet, and—very much so—by the dimming of the light level to a point at which some labels are all but unreadable.

This represents in part, of course, another triumph of the conservation watchdogs, for the dresses shown were certainly all designed to be seen originally in far more revealing light. There are times when (although in the conservation business myself) I feel tempted to cry "enough," to turn up the lights and proclaim that so long as these treasures survive long enough for my great-grandchildren to see them, my great-great-grandchildren will just have to put up with the loss though they will be very welcome to jump on my grave if they wish.

On the other hand, costume was shown in natural light for many years in this court, under the great saucer dome that is now painted out, and the result, as Santina Level, the keeper of the department, told me as melancholy fact, was "a very large collection of faded costume." As it is, the designers have all but succeeded in making a virtue out of the necessity of low light, in combining such a clinically accurate and technical presentation with such a strangely charged emotional atmosphere.

The range is from the 17th century (with a few earlier specimens) through to 1983, and very much favouring the feminine (it would not be so, were we birds). It is presented in terms of art and craft, of imagination as of technique, of sophisticated fashion. Dress as folk-art is not here the concern.

It is, though, for this viewer at least, only from the very late nineteenth century on, that the styles of individual dress designers become clearly identifiable, as the great names of 20th century haute couture begin to call from the labels. From Worth through to Chanel and Schiaparelli, to Fath and Dior and Cardin. Specialised aspects are shown in (often more brightly lit) wall cases: accessories, shoes, fans, buckles, buttons, handbags; lace, and a flare of kipper ties, lately lamented.

A bay at one end (where I think was once the Bernini, spotlit is destined for temporary exhibitions, currently a sparkling set of variations on the "little black dress," staged over a scatter of sequins, a syncopation of black and white with plaster bleached models, bald this time, from 1912 to Zandra Rhodes' evening dress, holes and chains in tamed punk, of 1977.

DAVID PIPER

Alastair Muir

New and old: museum assistant with model

St John Passion/Albert Hall

David Murray

For Sunday's Prom, Andrew Parrott and his Taverner Choir and Players used the New Bach Edition of the St John Passion, which is largely based on the version first performed (1724, in Leipzig). More important, this was a period-instrument performance—some extra winds were added to help fill the acoustic space—with a choir of just 32 voices, and a style of delivery to match: swift, direct, its expressive effects made through timbre and articulation rather than by massive weight.

The greatest dramatic benefit was felt in the sheer narrative force of the Passion, unhindered by excess choral freight. It owed much to the three principal soloists. As the Evangelist, Nigel Rogers led us grippingly through the story; his nervy, shapely singing missed no salient detail, but preserved the right devout distance—a subjective Evangelist is always a sentimental risk. The Christus was Ulrik Cold, whose large, full bass suggested less a suffering god than a kind of testy rabbinical authority. David Thomas made an exemplary Pilate, not only musically acute but precisely intelligent, a picture of tragic dismay.

The soprano arias fell to Emma Kirkby, marvellously easy and fresh, though the recorders which accompanied her in "Ich folge dir" and "Zerfliesse, mein Herz" were too soft-grained to make a comparable effect in the hall. The oboes who joined the contralto Margaret Cable in "Von den Stricken" were more telling, and she infused "Es ist vollbracht" with a cool intensity that matched the guttily intimate sound of the solo gamba. The tenor was Neil Jenkins, in considerably less than best voice until his last arioso, where grieving tenderness was not compromised by vocal weakness. His earlier "Erwäge" was not assisted by the loose rhythmic attack of the two *viole d'amore*.

The delicacy and skill of the Taverner Choir were doubly impressive in a hall which has so often echoed with vastly larger choruses in Bach, and they rose superbly to their most violent outbursts — surprising power, fine cutting edge. Some listeners will be nostalgic still for the old, ponderously pious manner; I felt uncertain only about the chorales, which were taken up-tempo in a way that would defeat attempts by any but the keenest congregation to join in. The character of this fine performance would have lost nothing by allowing the chorales to stand as measured intervals for communal prayerful reflection.

Young Composers/ICA

Andrew Clements

If the pessimism of recent Press conferences and hand-outs is fulfilled, the current season of MusICA may very well be the last. The achievements and significance of Adrian Jack's series have been thoroughly chronicled on this page; its demise would leave a significant gap in the spectrum of contemporary music in London. MusICA's problems are, it almost goes without saying, financial; the substantial funds that find their way into orchestral concert promotion by-pass contemporary music almost entirely. If the London Sinfonietta cannot find a major sponsor, what hope for MusICA?

Alongside the important revivals and introductions—Goeyvaerts and Barraque, Scelsi and most recently Radulescu—Jack has made a point of providing a platform for young, unestablished composers. Sunday night's programme introduced five works, all necessarily for small forces, by composers aged between 26 and 34, the critical year's of any career, when student performances have been outgrown and professional commissions are slow to materialise. No one could or should expect all the music in such an evening to be equally successful; the point of the exercise would to a large extent be lost if it were.

. . . *Paper/Scissors . . . Rock!* by Helen Roe (born 1955) was a "game" for two violists, each required to react to the other's choice of material; at nearly half an hour it was 50 per cent too long and only intermittently involving. I suspect that the premise of the piece does not guarantee tension as automatically as the composer might have imagined. Yet its clear-cut outlines were in marked contrast to Andrew Thomson's *Workman's Rubble* for flute, clarinet, violin, viola and cello, a murky pot-purri of quotations from Schumann, Svendsen, Warlock and LeRoy Anderson with Skryabin and some cow-bells dragged in to furnish a coda.

Anthony Powers (born 1952) was the most nearly established composer on offer and his Quintet for the same forces as Thomson's work was by a long way the most finished composition. Sure of outline, thoroughly idiomatic and often effectively poetic, its conservative manners belied a toughness that only fully emerged in the finale. Paul Robinson's *The Geissler Monodies* came closest to Powers in its accomplishment and probably surpassed it in its ambition, a reworking of German medieval songs for the same quintet of instruments that generated moments of positive power and a coda of predictable but nevertheless haunting beauty. Christopher Fox's *d'amore* was an experiment that seemed to fail; but that is one of the functions of this MusICA feature, to place failures alongside successes, for everyone's benefit.

Tabule Theatre/Bloomsbury

Martin Hoyle

Tabule Theatre, visiting the LIFT festival, was founded in Sierra Leone 15 years ago. Though lacking a fixed base and occasionally censored, its position seems healthy enough to be considered permanent. Judging from the delighted laughter of those spectators who could follow the dialogue of *Bohboh Lef* ("Boy, be careful"), I would imagine they have a strong popular following.

This morality tale amounts to a folk opera in what sounds like a not too distant cognate of pidgin English — full of recognisable words and phrases linked by grammar and syntax all its own, alternating unnervingly with passages that emerge as totally incomprehensible. The music consists of forthright melody sung (excellently) in solid blocks of harmony over sinuous African rhythms.

The tearaway Ananjo cheeks his elders, gets into scrapes and runs away from home. Hearing of his mother's death he returns only to provoke a fatal heart attack in his father. The plot lends itself to free-wheeling emotional mood changes that deflate the grave and cheer the sorrowful. The solemn scene, as sombre as any Tamino-Priest confrontation in *The Magic Flute*, where a rigidly formalised chorus tells Ananjo of his mother's death ("Lord have mercy . . . Me Mammy done died") is briskly terminated with a no-nonsense "All right, man, buck up" from his worldly mentor. His father's demise was greeted with hilarity from those in the audience obviously familiar with the cultural background.

The blend of resignation and cheerful resilience is summed up in an ambivalent conclusion. The prodigal returns, but to a society already condemned for its lack of guiding morality. Ananjo is led off by a figure earlier seen (in an exciting set piece) leading a secret society in rites with voodoo overtones.

Raymond de' Souza George and Dele Charley direct: the former is the author, the latter the designer. A true ensemble, the company, unsubsidised, homeless and often politically censored, is a chorus made up of principals, equally adept as scandalised neighbours, revivalist-spiritualists or secret pagans. They finally shake hands with the audience to a refrain ("Tenkee, tenkee") that thanks us for coming. The pleasure is ours.

Janacek's Osud/Elizabeth Hall

Max Loppert

The 1983 South Bank Summer Music fortnight opened on Sunday night in the fashion pioneered by Simon Rattle last year — with a concert performance of an opera generally deemed marginal because of inherent dramaturgical awkwardness, but revived by Rattle and all his performers with such enthusiasm, authority, and precision of style that awkwardness is all but forgotten thereafter.

Last year's act of neglect redressed was the Berlioz *Beatrice and Benedict*: this year a far more difficult and unfamiliar proposition was tackled — Janacek's fourth opera, *Osud (Fate)*. A 1972 Radio 3 studio broadcast and the 1980 issue of a fine Supraphon recording preceded this performance in the British rediscovery of *Osud*, yet there is a fair case to be made for claiming the latest episode as by far the most cogent and convincing yet offered. *Osud*, for all the famous confusions and inconsequentialities of its libretto, emerged as a work of significant and original dramatic vision, achieved in music that must rank among the composer's most freely lyrical, beautiful, and touching.

The plot is the problem, for the work itself, short and musically pithy from first to last, must otherwise have formed part of the international Janacek vogue long ago. It concerns a composer Zivny, who encounters Mila, a famous singer, at a spa. Some years earlier they had had a child; her mother drove them apart; in revenge he commenced an opera in which she was viciously portrayed. But after this second meeting and immediate reconciliation he leaves the work unfinished, and Mila is killed in an accident precipitated by her now insane mother. In the third and final act, many years later, a rehearsal of the incomplete opera is in progress at a music college; Zivny relates the circumstances of its inspiration to the performers, when a storm breaks in upon the scene and strikes him down.

Like *Lulu*, *Osud* is an opera with strange echoes and parallels in its composer's autobiography. Like Berg's Alwa, Zivny is both a composer and an autobiographical sketch. The inspiration for the libretto was an incident in real life. (In 1897, at the spa of Luhacovice, Janacek met and fell in love with a woman who had recently been the subject of an opera composed by a jilted lover; Janacek made this the basis of *Osud*, combining in Zivny's role both the jilted composer and himself.)

The idea was Janacek's, but it was given concrete form by a very inexperienced librettist; the result reads, in translation, as a weird mixture of high-flown symbolism and ripe romantic imagery. Coincidence plays an over-large role; each act, unlike in mature Janacek, closes on a weak curtain; away from the music there seems at times something irresistibly comic about the whole notion of Janacek's dotty *forza del destino*.

But not under its spell. For the music, falling between the periods of *Jenufa* and *Mr Broucek*, looking forward across the whole range of Janacek's operatic expression, is of quite wonderful fervour and richness. It fuses nature-painting (the opening scene at the spa, a hymn to the sun, brings a foretaste of the Vixen's wedding), turbulent emotional outpouring (in the passionately poured-out long monologues for Zivny, notably in the last act) and that sense of strange and sometimes unimaginable events given concentrated and honest dramatic expression that is the key to the greatest of Janacek. (The last act, of sustained intensity, does not seem in the least dotty in the actual experience.) *Osud*, striking out in several directions at once, is not less fascinating for doing so; is there no way it can be tested on one of our lyric stages?

The performance—enlarged London Sinfonietta and Voices—were a tight fit on the Elizabeth Hall platform; the whole work could have done with the larger spaces of the Festival Hall. (And puzzling that it was given in Czech rather than in the perfectly serviceable BBC translation.) But there criticism ceases, for it was an enthralling occasion. Rattle's Janacek combines ardour and exactitude in precise proportion; he understands how the music must, and can, be made to flow.

As Zivny, though the lie of the line sometimes taxed his tenor, Philip Langridge was eloquent, subtle and moving. Eilene Hannan made something fragrant of the shadowy Mila; Felicity Palmer's immensely powerful Mother had one long ing to meet her Kostelnicka (who is the role's more coherent emanation); in smaller roles Ian Caley, Michael Rippon and various of the Voices were admirable.

Arts news in brief

John Christie award given

The bass-baritone John Hall has been chosen by the Worshipful Company of Musicians and Glyndebourne as winner of the 1983 John Christie Award.

The award was established in 1965 to advance the careers of young artists engaged by Glyndebourne. John Hall made his debut there as a lackey in *Ariadne auf Naxos* in 1981 and has been a member of the Glyndebourne Chorus for the last two years. He will sing the role of Leander in the new English translation of *The Love for Three Oranges* with GTO this autumn.

* * *

WNO announces London season

Welsh National Opera is to perform four of its most recent new productions in London in December. Part of the Fourth Amoco Festival of Opera, the season will take place at the Dominion Theatre from December 6 to 10.

Janacek's dramatic opera *From the House of the Dead* will open the season. Pinnlie's staging of Bizet's *Carmen*, *Peter Grimes*, and *The Rhinegold* will also be performed.

* * *

South Bank appointment

John Williams, the guitarist, is to be the artistic director of the South Bank's Summer Music festival from next year.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

August 12–18

LONDON

English National Opera: Coliseum: the season opens with two ENO successes of the recent season – Anthony Besch's handsome Cavaliers-and-Roundheads production of Don Giovanni – alongside Richard Van Allan, familiar in the title role, there are some interesting new casting ideas: Norman Bailey's first London Leporello, Suzanne Murphy as Anna, Marie Slorach as Elvira, Adrian Martin as Ottavio – and the now world-famous Jonathan Miller version of Rigoletto, Verdi transmuted into a 1950s New York Mafia melodrama, with Mark Elder conducting, John Rawnsley and Arthur Davies as hunchback-bartender and "Duke", and a new Gilda in Helen Field. (836 3161).

Royal Festival Hall: London Festival Ballet with Swan Lake. (928 3191).

NEW YORK

New York City Opera: Plagued by a strike at the opening of its summer season, when it resumes performances the company can be expected to take up its schedule this week with The Magic Flute, La Fanciulla del West, Die Fledermaus, La Boheme and Lucia di Lammermoor but a precautionary phone call would be in order. New York State Theater, Lincoln Center (870 5570)

CHICAGO

San Francisco Ballet: One of America's premiere classical companies celebrates its 50th anniversary with a week-long mixed programme. Ravinia Festival, Highland Park (433 8800).

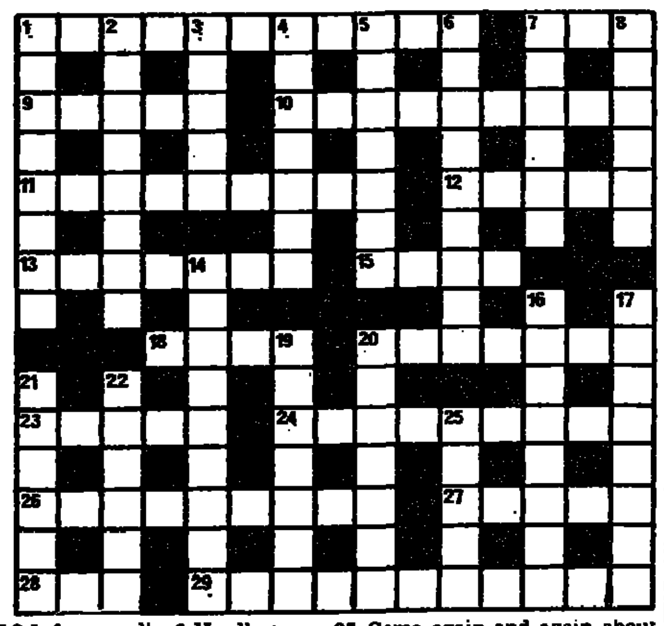
SEATTLE SEASON

Seattle Opera's 20th season starting next month will have five productions with five performances each, all featuring English renditions as well as the languages of the original. The Marriage of Figaro, with all performances in English, opens the season with Kaaren Herr Erickson as Susanna and Michael Burt as Figaro. An evening of Cavalleria Rusticana and Pagliacci will star Metropolitan Opera tenor Harry Theyard, followed by La Forza del Destino with soprano Guillermina Iigareda as the tormented Leonora. The last two productions of the season are Elektra, starring Janice Yoes, familiar to Wagner fans as the Seattle Brunnhilde, and La Sonnambula, with Luciana Serra re-creating the role of Amina she has sung at Covent Garden. Henry Holt leads the Seattle Symphony as the opera's orchestra.

HEIDELBERG FESTIVAL

Heidelberg's beautiful castle, overlooking the city, is again the site of an open-air music festival this year. Throughout August there are opera performances and concerts virtually every night. Traditionally the mainstay is The Student Prince, a musical romance by Helmut Hein conducted by James A. Gaehres – small wonder, since it reflects the romantic past of this old university town. Iphigenie Auf Tauris by Jommelli and The Bartered Bride by Smetana, both conducted by David Effron, will be staged five times each.

F.T. CROSSWORD PUZZLE No. 5,192



ACROSS

1,7 Singer Joan's act on TV? (11,3)

9 House of cricket? (5)

10 A high-class salad item — name, briefly, of one who obeys blindly (9)

11 Arch or march? I'm considering how to answer in test (9)

12 French town curtails Australian bowler (5)

13 Alternative means of transport? One on the other (4-3)

15,18 When the flat of the hand bears fruit? (4-4)

20 Batter product of end of 17 down with some soap? (7)

23 Being male, I have a craze (5)

24 Groan horribly during journey to Texan border (3,6)

26 Destructive goddess and king in Cornish town — double! (4-5)

27 Unworthy fellow in beret, maybe (5)

28 Take on Roy? (3)

29 Star of 1,7 across and Wild Bunch to rest? (11)

DOWN

1 Lone royalist? (8)

2 Frighteningly good? (8)

3 Course of salts? (5)

4 Hide article in play (7)

5 Stung—requirement includes dry plate (7)

6 Solemn tip given by fool (9)

7,8 Infant prodigy? Hardly surprising (6,6)

14 Coach for horse with stamina and a lot of luck about it (9)

16 Overtake outside broken line—easy! (8)

17 Blue flag on vessel always green? (5,3)

19 Left philosopher for queen in long skirt on street (7)

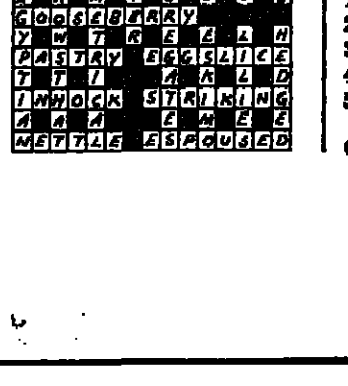
20 Show that British Rail is upset by a saw (7)

21 Thriller writer in no hurry? (6)

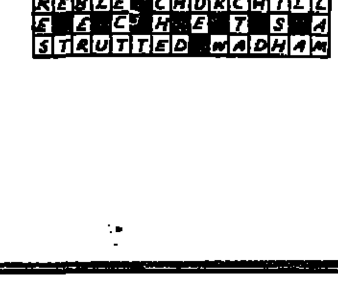
22 Bury Thomas and turn Benjamin round (6)

25 Come again and again about a dog (5)

Solution to Puzzle No. 5,189



Solution to Puzzle No. 5,191



How to gather a good team

Tim Dickson explains why motivation is crucial for Information Transfer

WHILE he insists that he is not a worrier by nature, it would be no surprise if Alan Unwin is currently having a few sleepless nights. For of the 150 people who responded to *his company's* recent recruitment ads, not one of them was considered suitable for the job.

Unwin is looking for someone to join the five-man executive team of Information Transfer, a small but rapidly expanding service business of which he is managing director. But his present dilemma illustrates the problems many small firms face in finding the right blend of skills and experience in key *managers — and thereafter* creating the motivation to keep them.

Rather than itself being committed to pushing back the frontiers of technology, Unwin's firm is a consultancy which provides assistance to those that are. It was formed by Unwin and four colleagues after they broke away from a rival, Cambridge Communications, and Unwin is keenly aware that IT itself might face a similar spin-off if he resolves his recruitment problem satisfactorily and continues to expand.

However, he feels he has the answer. Each founder member *of the* team has an equal 20 per cent share of the business, and "we are trying to work out a way of offering key additional employees an equity stake. After 20 months, I'm glad to say that no one has fallen out and as long as everyone does his or her bit I don't think they will. It's inevitable that some will do better in terms of new business than others."

To the outsider, IT's activities —described as "organising information so that other people, customers and *employees and clients,* can understand and use it"—may sound unexciting, if worthy.

Most of the company's work is commissioned as specific projects by industrial and commercial groups. Recent examples have included the production of training manuals of representatives of the pharmaceuticals group, Abbot Europe, the preparation of instructional and sales leaflets for new telephone systems for British Telecom, and the compilation of an easy to understand Beginners' Guide for the New Brain Microcomputer. (The guide has been successful enough to prompt IT's client, Grundy Business Systems, to start selling the manual separately rather than giving it away.)

Although much of the company's work currently comes from the pharmaceutical and computer sectors, *Unwin's plan* is to remain as broadly based as possible. He and his four colleagues boast "more than 40 *years' collective* experience devising solutions to communication problems." But while Unwin himself has a degree in modern languages, other backgrounds range from degrees in chemistry and electrical engineering to an English graduate turned archaeologist and a former NHS management consultant. "All of us want a good mixture of projects and in any case I think the nature of our work is bound to change as the economy recovers. We have got to be flexible."

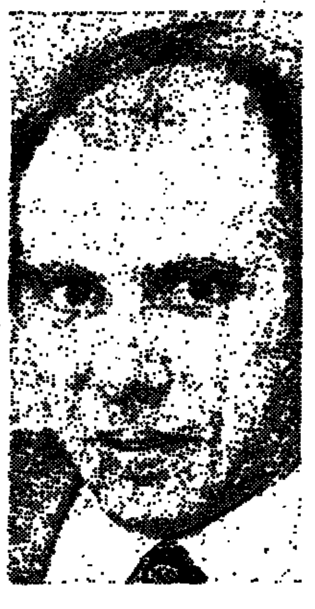
At the moment, for example, the company is working closely with a major building society on a staff training project. "As the financial services sector becomes more diverse I see a big opportunity for us in helping companies explain new techniques to their employees," says Unwin.

Unlike many companies poised to expand, Unwin foresees few financial problems in the short term at any rate. *Having set up an internal* accounting system himself, he recently hired an extra hand to take over these administrative chores. "It was important that I set everything up myself—even if someone else takes over day-to-day responsibility for this function, at least I know what is going on."

So *far*, the company has not had to use a £15,000 overdraft *facility from* Barclays Bank, arranged to supplement a £30,000 Barclays Business Start Loan and the £5,000 of initial *capital* the executives subscribed between them.

Though Barclays Business Start Loans — whereby the borrower pays an agreed royalty on sales (in this case 0.97 per cent) rather than straightforward interest — are more expensive than they were before the 1982 Finance Act closed a loophole, the scheme has served both Information Transfer and Barclays well.

And Unwin's bad debt experience will make other fledgling company proprietors envious. "We've only had one small one in 18 months," he reports.



Alan Unwin: equity stakes for employees

Small business clubs in pursuit of a role

ONE OF the consequences of the surge of entrepreneurial energy in the UK over the last four to five years has been the spontaneous sprouting up *of small business clubs* all over the country.

These clubs provide a meeting place for small businessmen to discuss problems and swap contacts with companies of their own size. Activities vary from *region to region and from* club to club—from the provision of business services to the organisation of social events *and trade fairs and* perhaps also not a little local lobbying on their members' behalf.

But while business clubs represent *a useful point of* social contact and an alternative to the handful of sometimes politically inspired *national lobbying groups,* they also suffer from their fair share of difficulties.

Discussion at a recent *national liaison meeting of* Small Business Clubs held in Sheffield highlighted the following issues.

- Some clubs are healthy enough but others are struggling to survive. The recession inevitably has put a number of corporate members *out of business while others* have cut out their subscription along with other overheads.
- *Financial pressures on* clubs raise the delicate question of whether to seek outside support.
- *Enterprise agencies and* other sources of small business support, notably chambers of commerce, are increas*ingly competing for members* in the same marketplace.
- Even those with an apparently healthy member*ship sometimes find attend*ances at meetings frustratingly low. Understandably, though, members have to give *their own businesses top* priority.

Stanley Newton, secretary of the lively Teesside Small *Business Club and secretary* of the national liaison committee, says he is aware of at least 45 small business clubs throughout the UK.

Typical companies belonging to the clubs represented have 10 or *fewer* employees (up to 50 exceptionally) and *service a local market. Clubs* have anywhere between 20 and several hundred members.

The emergence of small business clubs is arguably a reflection on local chambers of commerce—organisations *which often claim to be small* businessmen's natural local focus but which many feel have been ineffective in cer*tain areas. A guest from the* Sheffield Chamber of Commerce was told in no uncertain terms by business club *representatives that chambers* "largely looked after their large and medium sized members."

Whatever the merits of this argument — the reply is that the vast majority of those who use chamber of commerce *facilities are smaller firms* — chambers appear to be making greater efforts at the moment and inevitably pose a threat to the continued existence of *small business clubs.* Peter Robinson, for example, chairman of the national liaison meeting announced that his *Small Industries Group,* Northampton, is planning to merge with the local chamber.

Among the group's recent *initiatives was a "marketing* roadshow": a group of members expert in the field clubbed together to offer a *marketing service for small* firms.

Teesside Small Business Club, though, is perhaps the *most successful group of its* kind. Founded in 1972 the club has just published and distributed 7,000 copies of its *1983 edition of Lifeline* — a classified directory of the services and products of small firms around the Middles*brough area. The club's* Annual Business Exhibition is now well established as a three day event and attracts *visitors from throughout the* UK. This year it will take place at the Billingham Forum from October 10 to 12.

Newton nevertheless admits *that TSBC "could become a* victim of its own success." Its 500 strong paying membership is a little below its peak, *a factor the secretary attri*butes "to the many other organisations in the area, some of which, such as the Cleveland Enterprise Agency, we have been instrumental in setting up."

Newton argues that clubs should not be afraid to look to the private sector or local authorities for help with funding. "But every two or three years those involved should ask whether there is a continuing demand for their outfit."

Details of all small business clubs known to the National Liaison Committee can be obtained from Stanley Newton at TSBC, Thornaby Old Town Hall, Mandale Road, Thormsby, Cleveland TS17 6AP.

He has also prepared a leaflet on "How to set up a small business club."

T.D.

California's gold-seekers

Louise Kehoe, in a resumed five-part series on the international small business scene, reports from California

IN CALIFORNIA, small businesses tend to be young *businesses* that aim to become big businesses in as short a time as possible. The traditional land of opportunity has become the "land of entrepreneurship" where new companies are formed by the hundreds per month.

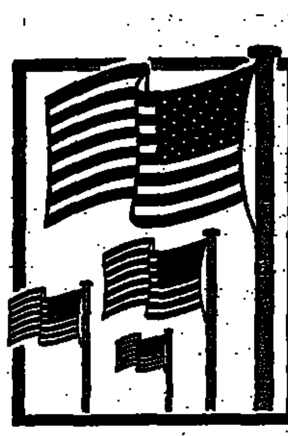
Behind the growth in Californian small businesses is a band of venture capital and small business investment firms that provide the capital to turn bright (and some not so bright) ideas into potential money makers. Venture capitalists from all over the globe are pouring money into Californian companies in unprecedented quantities, seeking to become a part of a 1980s gold rush high technology boom.

But like their gold-seeking predecessors, most of the fortune hunters are disapointed and it is only the lucky few that hit the headlines.

According to popular belief, *however, California is overrun* by venture capitalists with money burning holes in their pockets. As the stories go, the venture capitalists look for a team of fortune seekers with a business plan. An ideal combination is a technical wizard with an idea for a new electronic mouse-trap, a manager with solid business experience and a marketing man who has also proven his skills in previous employ.

Take the case of Daisy Systems Inc., founded in 1980 by *two engineering managers from* Intel Corporation. Daisy has developed an engineering workstation that simplifies the design and development of new integrated circuits. Daisy received \$4m in first-round financing from venture capitalists including Adler and Oak Management. An additional \$3m was raised in a second round of funding. The company has been profitable since it began production of its computer systems in 1981. Sales of \$7m in 1982 are expected to grow to \$25m in 1983. Daisy is expected to announce a public offering this year.

By 1986 Daisy Systems will be selling \$300m worth of products annually, according to none other than U.S. President Ronald Reagan. Mr Reagan singled out Daisy Systems as an example of the "American dream" of opportunity in a speech earlier this year. "My dream for America," said the President, "is to take that kind of success story and multiply it by a million."



The President's goal is ambitious. While there are numerous examples of Californian high technology companies that have followed a similar route to success, many more flounder along the way.

Getting started can be the *hardest part of founding a small* business. Attracting the attentions and dollars of the venture capital community is not an *easy task for most.* Many, slightly embittered, entrepreneurs tell of how the financiers have strung them along with the hope of investment in a fledgling company. "They keep you waiting, hoping that they will come through with funding, until the company is almost at the point of bankruptcy," recounts one seasoned business founder. "When you think it is all over, they come through with an offer of funding—in return for 60 per cent of the company. At that point it is difficult to negotiate."

The venture capitalists responded by pointing out that most entrepreneurs have overblown ideas about the value of their company. The established venture capital firms also believe that they bring much more to the party than money. The "hands on" style of West Coast venture capitalists gets them heavily involved in the day-to-day running of the company.

Tales of "greedy" venture capitalists are almost as common today as the stories of successful venture deals. In some cases, the owners of successful small businesses reject the venture capital route to growth because they are not willing to give up a large share of the company in return for venture capital.

One such company is Morrow Designs, a Hayward, California, personal computer company that was founded in the days of computer hobbyists. Morrow has a high reputation among computer "hackers" but needed an infusion of capital to carry it into the high volume mass market for personal computers that has emerged over the past few years. "Venture capitalists were not receptive, despite our record of profits," *explains* Morrow Designs chief executive Bob Dilworth.

Instead, Morrow opted for a private placement of stock with traditional financial institution managed funds. The company traded less than 20 per cent of its stock for the \$3.5m that it needed to fund expansion. "Venture *capitalists* are not used to dealing with established, profitable small businesses that want *to* expand," explains Morrow's financial advisor David Heller.

Another *route to expansion* for high technology small businesses in the U.S. is the "Research and Development Limited partnership." R&D partnerships are the latest thing *in* tax-avoidance schemes among U.S. doctors and lawyers and for small businesses they offer a wealth of new opportunities.

Rather than going to banks or venture capitalists, small companies form partnerships in which they sell shares. Technically, the partnership is separate from the company *(an* essential to satisfy the tax authorities) but the partnership agrees to sell the results of the R & D project to the company. Since research rarely yields profit, the investors write off their personal tax liabilities. Later, if the project *is* successful, they reap royalties from the research they funded, often in the form of company stock.

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TECHNOLOGY

EDITED BY ALAN CANE

ICI IS AIMING FOR A HIGHER PROFILE IN INFORMATION RETRIEVAL

Assassin seeks out the data

BY PETA LEVI

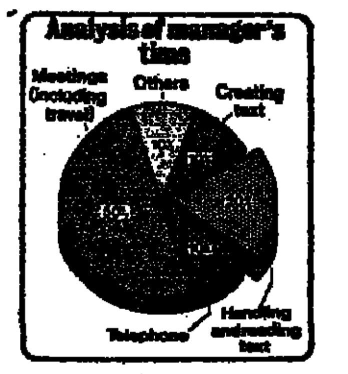
ICI HAS recently launched ASSASSIN 6. This is not a sinister new form of corporate diversification by ICI but an "automated system for storage and subsequent collection of information." The new text and storage retrieval system has created considerable interest, particularly among banks, government organisations, professional firms and a wide variety of companies which have to store large amounts of information and to search it.

ASSASSIN 6 will store documents of any kind—from correspondence to reports, newspaper cuttings, minutes, lists or books — accepting them through normal data input routes. However, documents can also be prepared interactively. A secretary prepares a document on a word processor (currently on Wordplex only) which is electronically transferred to the manager for checking and amending before being sent to any person or group using the system.

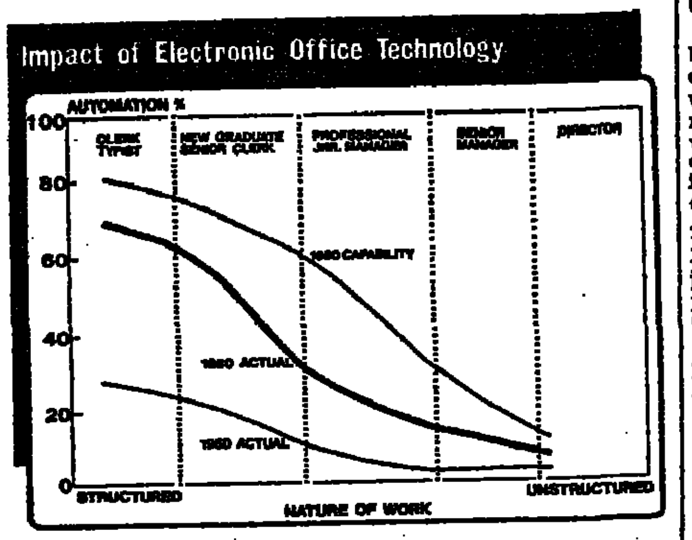
Added notes

Technically uninitiated users can add private marginal notes or amend texts on file, making it easy to keep information up to date. It has sophisticated search capabilities, making it possible to find very quickly all relevant material, but only the material which the searcher is entitled to see. Apart from its ability to make large databases of information available throughout the organisation, ASSASSIN 6 provides four levels of security so that private as well as public texts can be stored with limited access. It also handles and delivers internal mail electronically, which is a tremendous time-saver.

However, one of ASSASSIN 6's biggest advantages is its user - friendliness — minimal training is needed. This was one of ICI's prime objectives. In 1968 the people running ICI's Agricultural Division's Intelligence Unit realised the need to become mechanised, but unable to find a computer-based system to suit their requirements decided to develop their own software. Since 1972 the Agricultural Division have developed five marques of ASSASSIN. This latest software package, which has taken five years to develop, tackles what



How ICI sees the impact of increasing technology on the workplace. The professional junior manager level still has a large amount of unexploited potential for automation



ICI see as the next stage in developing the electronic office.

Ken Edwards, co-ordinator of ICI's electronic office development for eight years, explained: "having invested £3m in word-processing equipment, on which we have had a worthwhile return on our investment, we found that the greatest electronic impact still to be made was with junior and middle management, which accounts for 52 per cent of the office staff salary bill. Senior management rarely want to manipulate data significantly, but normally only need to view it in order to discuss it."

Robin Clough, who is responsible for all ASSASSIN developments, recognised that this middle management group wouldn't want to go on training courses and that it would be essential that this package should be easy to use. They have therefore created a menu selection and command driven system which can be operated at different levels, either by the novice or more quickly by the regular user who has mastered the basics.

Edwards reckons that a 10-20 per cent saving in middle manager's time can be achieved, mainly through eleminating the need to search for information that a manager knows he has but can't remember where it is filed. He says, "better decisions are made by eliminating the need to search co-ordinated information." He also found that 85 per cent of documents filed were not recalled after three months.

What are ASSASSIN 6's main competitors? According to Alan Cowan, the deputy manager of PA's International Office Automation Division: "They are not only the traditional packages such as STAIRS, STATUS and BASIS, which are designed more for bibliographic type of searching, but also some of the new developments in hardware packages, such as Wang's Alliance (a mixture of hardware and software) which indexes textual material for subsequent recovery and has been designed for easy use in an office automated system.

Difference

However, the key difference with ASSASSIN 6 is its unique degree of flexibility in its search capabilities; from its thesaurus of words it can pick up similes and words which are spelt the same but have different meanings. It has the flexibility either to be very specific, possibly even missing a piece of relevant information, or at the other extreme of finding every possible reference—irrelevant ones can then be eliminated and relevant ones displayed in further detail. You have to define in advance, as you instal the system, the level of service you want to get from the search."

PA are one of six consultancies chosen by ICI to give 10 days free advice on implementation planning for the first ASSASSIN 6 customers; with ICI picking up the bill.

The rental for the ASSASSIN 6 package is £9,900 a year including maintenance, or £29,750 for a 10-year lease with an annual maintenance charge of £2,550. However, the actual cost of the software is only part of the overall cost; apart from hardware costs, staff will be required, both to maintain the database and to educate users to get the most out of it.

ASSASSIN 6 is written in industry-based COBOL and is supported on three manufacturers' computers. From next month it will run on large IBM computers, from November on DEC VAX series and from early 1984 on ICL's ME29, under the TME Operating System in conjunction with MTS; and the larger VME/B Operating System or the more recent VME 2900 Operating System.

As to marketing, Cowan says, "ASSASSIN 6 is an attractive package and should have a good UK market as well as a larger potential export market, particularly as the menu driven approach has been designed in such a way as to make it easy to translate the screen commands into different foreign languages." ICI Australia is ready to market ASSASSIN 6. ICI is in course of deciding on marketing strategy. The options are to form a relationship with a hardware manufacturer and they are exploring that possibility, or to go it alone.

VIDEO AND FILM BY JOHN CHITTOCK

Europe emerges as a video battleground

UNTIL RECENT times, the big commercial rivalries in video were between continents and national interest — especially with Philips in Holland and Grundig in West Germany trying to unite other European countries in opposing the Japanese invasion. As one senior Philips executive said about two years ago: "If we lose the VCR battle against the Japanese, the European consumer electronics industry could be finished."

With their V2000 system, Philips and Grundig since then have started to do just that—with a minority share of the total VCR market at a high of about 37 per cent in Austria to a consistent low of 10 per cent or less in many other countries. In Australia and some other areas, local Philips companies have been even driven into selling the rival VHS system; and in UK the price of V2000s has been slashed from nearly £500 to under £300 for the basic model.

Further complications for Philips and Grundig are now arriving from the shores of North America, with RCA ready to launch in UK their SelectaVision video disc system on, or about, October 1. Although the competing Philips LaserVision disc player can outperform RCA's, it has been poorly received due to the high price and myopic marketing strategy (which has emphasised not its unique features but the ones only marginally better than videotape).

Now that RCA players will be available in UK this autumn for as low as £229, it is no surprise that the current cheapest LaserVision player has been reduced to £299 (originally launched at £449). Philips explain this as merely clearing the way for a new low-priced model; a stripped down version that will have no still frame retrieval capacity.

Thus another element of uniqueness compared to videotape will be abandoned—and Philips will be left to compete with RCA head-on, with price and programme range the main areas of competition. It seems as pointless as producing a cheap version of the Harrier jump jet without the jump capability.

Meanwhile, back at Sony in Japan, the video battle lines are no longer just drawn between East and West. The national alliances have changed into format alliances—typified best of all by the J2T company which has brought JVC, Thorn EMI and Telefunken together with Europe's first two VHS recorder factories (in West Berlin and Newhaven, UK). The success of the VHS format has been hurting not only Philips and Grundig, but Sony too—whose rival Beta format commands only about one-third of the VHS penetration.

With the French, in the shape of Thomson-Brandt, about to support the VHS camp with a factory that will manufacture mechanical assemblies for J2T, the realignment of forces has now demolished any sense of nationalism. Thus Sony as well as the isolated V2000 companies of Philips and Grundig face severe dangers from within their own countries.

A new factor in the struggle is about to appear—so-called 8mm video, a miniaturised video camera with built-in recorder. Such has been the interest in the new 8mm video format, with a market potential almost as big as that for VCRs, that old national and company rivalries were abandoned—for a time—last March when over 100 leading electronics companies met in Tokyo to agree a technical standard for the system; hopefully avoiding the absurdities of present video recorder and video disc incompatibilities.

Near agreement was reached, except for a late proposal from Thomson for a different (and superior) method of recording the colour signal (called Timeplex); this allows French SECAM tapes to be compatible with PAL and NTSC and vice versa.

The Timeplex proposal has introduced a note of confusion into 8mm, made worse by the launch in Japan last October of JVC's own answer to 8mm video—the VHS-C, a compact camera-recorder which uses a cigarette-packet-size cassette. This cassette has two unchallengeable advantages over 8mm videotape: by dropping it into a larger plastic cassette adaptor, it can be played back in a standard VHS machine; and JVC and Matsushita have separately revealed that the VHS format is about to be available with FM hifi sound—a technical breakthrough not available to 8mm. I have been trying out VHS-C in the last few weeks as a home movie system and can report excellent picture quality and enthusiasm from everyone who has seen it.

Privately, JVC are also dropping heavy hints that the larger ½in width of the VHS format will make possible other interesting developments; and a second generation VHS-C due next year will be even smaller and more compact. So who wants 8mm video?

Well, of course, Philips and Grundig want it if everyone would drop VHS and Beta in favour of a new universal 8mm format. And at first, it looked as if it might suit Sony too—but their own compact version of Betamax, called Beta Movie is now due for launch later this year.

At least Philips and Sony have som commonality of hope in the compact audio optical disc, and Sony also have a limited industrial commitment to the Philips optical video disc system.

Yet as RCA arrive in Europe with their rival video disc system this autumn, further confusion could be in the wind from JVC. Their VHD video disc system has a compatible, very hi fi audio version known as AHD, which JVC claim can outperform the compact audio disc. In addition, AHD can yield colour still pictures to accompany the sound and will accomplish all of this on the same VHD video disc player.

JVC last October seemed hesitant about their plans with AHD. But at the official opening of the J2T factory in Berlin last May, JVC promised a 1984 spring launch of AHD—with home computer software programmes on the flip side of AHD discs and other possibilities in store.

It is difficult to see how Philips and Grundig can fight their way out of this tightening corner, and Sony could find themselves similarly placed (without EEC protection to turn to). It may be a nasty irony for Philips that J2T's registered office is in the Netherlands. But JVC have demonstrated that East and West can co-operate—and maybe it would be better for all concerned to accept that reality rather than behave like King Canute.

Survey

Fear of technology

TO FIND out what UK businessmen currently feel about the impact of new technology on their operations, PA Technology recently commissioned MORI to interview 89 managing directors, chief executive officers, chairmen, deputy chairmen and technical/production directors.

Conducted between March 23 and May 6, the survey resulted in Gordon Edge, group chief executive of PA Technology, describing Britain's businessmen as "low risk."

While the majority of those interviewed felt that new technology had affected both their products and their production processes and some 45 per cent of them had introduced a new product in the last year, just under half of the respondents were clearly dissatisfied with the speed of their company's new product developments.

Although some in industry may feel that these findings are far from disastrous, Gordon Edge takes the view that there are still far too many companies that cannot seem to embrace new techniques.

Apparently many of these "constrained" companies sense that they should put more emphasis on new product development rather than the improvement of old ones, with more involvement in speculative areas of development.

Other admissions included fear of failure in the new areas, the need for greater production line efficiency, and a recognition that there is not enough emphasis on quality and manufacturing control. Others felt that insufficient new technology had been put into reducing the cost of production processes.

Asked why they felt these constraints should exist, 53 per cent cited lack of resources and finance, 17 per cent "insufficient time," 10 per cent "lack of internal co-ordination." Seven per cent said that management priorities "lie elsewhere" and another seven per cent believed there was a reluctance to change tradition.

UK COMPANY NEWS

TDG ahead despite overseas fall

INCREASED UK profits at **Transport Development Group** helped push the pre-tax result up from £8.33m to £9.35m for the six months to the end of June 1983, *despite a downturn in overseas results.* The net interim dividend has been lifted from 1.45p to 1.5p.

In the last full year a total of 4.45p was paid. For the period under review earnings per 25p share before extraordinary items were shown as rising from 3.11p to 4.33p.

Group turnover expanded from £169.87m to £176.1m.

In the UK pre-tax profits *increased from £6.25m to £8.16m* on turnover of £109.13m (£104.44m), in Europe the pre-tax figure was lifted from £2.51m to £2.92m, with turnover at £33.99m (£31.55m).

However in North America profits fell from £1.17m to £183,000 on turnover *of £23.64m* (£23.42m) and in Australia they dropped from £1.15m to £789,000 with turnover at £9.34m (£10.46m).

Overseas figures for the comparative six months have been adjusted to take account of exchange rates.

In the UK Sir James Duncan, chairman, says that the slow pick-up of the economy is reflected in increased profits. Road haulage, which began recovery earlier than storage activities, tended to flatten out during the *half* year but will soon respond to any further economic upturn.

Storage, particularly cold storage, has been moving strongly ahead and profitability is increasing. Plant hire activities made some progress, he says, but reinforcement companies found, and *continue to find, the going hard.*

European companies produced good results in difficult conditions, says Sir James. Transport in the U.S. has been through a rough patch but is recovering strongly. North American reinforcement businesses made a loss in the first six months, but show signs of improvement. The Australian economy remains weak and the results of the Australian companies reflect this, he says.

On a functional basis an analysis of pre-tax profits and turnover shows: road haulage £5.68m (£5.93m) and £102.95m (£97.86m); storage £5.58m (£3.16m) and £24.13m (£20.75m); plant hire and other transport services £578,000 (£604,000) and *£10.67m (£11.51m); reinforcement* and exhibitions £220,000 (£1.39m) and £38.35m (£39.75m).

Group trading profits moved up from £21.66m to £22.9m, from which depreciation took £10.85m (£10.58m) and interest £2.71m (£2.75m).

Tax amounted to £3.44m (£3.91m). After minorities of *£119,000* (£263,000) and extraordinary credits of £630,000 (£140,000). the attributable *balance pushed ahead from* £4.3m to £6.42m. Dividends will absorb *£2.02m* (£1.96m).

See Lex

International Signal striking price is 150p

The application list in respect of the offer for sale of 34,600,000 "A" ordinary shares of $0.10 each in **International Signal and Control Group** at a minimum tender price of 125p per share closed at 10.01 am on August 12.

The striking price has been set at 150p per "A" ordinary *share.*

Of the shares being offered for sale, 10m were reserved for applications on preferential application forms from existing shareholders in ISC. To the extent that such applications have exceeded 10m shares, the excess has been allocated as if the application had been made on an ordinary application form.

"A" ordinary shares will be allocated to persons who applied on an ordinary application form on the basis of approximately 46 per cent of the number applied for. "A" ordinary will be allocated to persons who applied on a preferential application form on the basis of approximately 62 per cent of the number applied for.

ISC will use the proceeds of the offer for sale primarily to finance the acquisition of the Marquardt Company. This acquisition was completed yesterday.

The Council of the London Stock Exchange has admitted the "A" ordinary shares now being offered for sale to the Official List. The Luxembourg Stock Exchange has also granted listing for the "A" ordinary shares.

Renounceable letters of acceptance will be posted tomorrow and dealings in "A" ordinary shares are expected to begin on Thursday.

HAT acceptances

H. A. T. Group says acceptances have been received in respect of 11,236,238 new ordinary (88.7 per cent of the rights *issue). Shares not taken up have* been sold in the market at a net premium.

Brit. Dredging midway profit

A RETURN to profits at the halfway satge has been shown by **British Dredging** with a surplus of £322,000 against losses of £105,000 being shown for the six months to the end of June 1983. Turnover of this sand and gravel dredger expanded from £4.2m to £5.01m.

The company is moving ahead well in a much improved environment says Mr Fane Vernon, chairman, and the company is experiencing a good level of demand for the first time in three years.

Earnings per 25p share were given as 1.19p (losses 0.43p).

At the end of the last full year pre-tax profits dropped from £82,211 to £22,299, but the directors said in their annual report that trading profits were well ahead in the first four months.

Tax amounted to £125,000—last time there was a credit of £34,000.

Extraordinary credits dropped from £200,000 to £42,000 and were made up this time of £392,000 on disposals in the RMC group, *less* a tax provision of £350,000 which could be substantially reduced if further capital losses are agreed with the Inland Revenue, say the directors.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Howard Shuttering	1	—	0.87	1.55	1.4
Impala Platinum	60§	Sept 30	50	85	75
Scottish Eastern Tst int	1.5	Oct 24	1.5	—	3.35
Laurence Gould ......int	1.3‡	Oct 3	—	—	—
TDG ....int	1.5	Nov 7	1.45	—	4.45

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § South African cents.

● comment

Even if British Dredging had not disposed of its aggregates associates, thus ridding itself of losses and a substantial debt burden, first half profits would still have been around 20 per cent up on the previous six months. As it is, profits have more than doubled over that period. The disposal of the associates to RMC for £3.25m was the climax of the group's campaign to weed out fringe areas of its business and concentrate on the core dredging activities. After paying off the overdraft about £2m cash will be left over. This will be kept firmly on deposit until the company needs to renew its ageing dredgers in three or four years' time. Meanwhile, a reduction in the workforce from 750 to 300 over three years has put the company in a better position to take advantage of an upturn in trading conditions. Nevertheless, the improvement has been from a very low base and British Dredging still has a long way to go before producing the peak earnings of 1972. At that time, the company was valued at £18m. On yesterday's share price of 43p, up 1p, it was capitalised at £7.1m.

Modest rise forecast by Brunning chairman

A MODEST increase in profit for this year at the **Brunning Group** is suggested by forecasts, Mr Geoffrey Brunning, chairman, told members in his annual report.

In the last full year, pre-tax profits of this advertising agency more than trebled from £203,000 to £624,000, as already known.

More stringent credit control resulted in a marked reduction in bad debts during the year. Interest charges were low, reflecting a strong financial position.

Advertising agencies had a mixed year says Mr Brunning. The London agency made "*considerable progress,*" but there was a small loss at the Bristol agency wher two major accounts were lost, and in Birmingham and Liverpool agencies suffered from depressed conditions. The Manchester agency had a successful year.

Trading in the caravans division during the second half was described as "*catastrophic*" and resulted in a substantial loss. An offer to buy these interests has been accepted and they will cease to be a drain on resources.

Shareholders' funds grew from £3.94m to £4.1m. Fixed assets moved up from £2.28m to £2.46m, and net current assets slipped from £1.99m to £1.91m. There was a net outflow of funds of £327,000 (£146,000).

Meeting: 100, Whitechapel Road, London, E, September 8, at 12.15 pm.

First half fall at Scottish Eastern Trust

NET INCOME of the **Scottish Eastern Investment Trust** slipped from £1.89m to £1.82m in the first half to July 31 1983, while with earnings per 25p share given lower at 1.69p, against 1.75p, the interim dividend is being maintained at 1.5p net.

Net asset value per share after deducting prior charges at par rose from 166.7p (110.1p) and the market value moved ahead from 113.2p to 168.9p.

Franked investment income amounted to £2.24m (£1.93m) and unfranked £2.04m (£1.58m). Interest on borrowed money took £1.27m (£247,000), *management expenses came to £210,000* (same) and there was a tax charge of £968,000 (£1.17m).

Video losses mount but Vibroplant improves

HEAVY LOSSES by its Video Leisure company have eaten into the near-£1m increase in profits shown by **Vibroplant's** plant hire division. Video Leisure losses increased from £452,224 to £1.25m in the year to March 31 1983, but plant hire profits were up from £805,999 to £1.8m.

Overall pre-tax profits came out ahead at £550,956 compared *with £353,775,* and turnover advanced from £11.54m to £16.41m. Of this total, plant hire's contribution was £15.29m (£11.51m), and Video Leisure increased its share from £30,032 to £1.12m.

The directors say the improvement in demand for plant hire continued in the second half. The much-improved performance of this division has been achieved without the benefit of *any broadly-based recovery in* either the public or private sectors of the construction industry.

Although trading conditions have improved, there is still a large surplus of plant holding hire rates at uneconomic levels, and as yet no signs of the long awaited uoturn in the industry have been seen.

VI Leisure had an extremely difficult year in launching the new Mark II video jukebox. *Further delays caused by the* Cinematograph Amendment Act and the unavoidable teething troubles once the machine was launched, resulted in a second half performance worse than anticipated.

Since March 31, plant hire activity has continued at the marginally improved levels of last year, but the industry still lacks the confidence of a longer term sustained recovery, say the directors.

Tax for the year was £244,109 (£333,403 credits), and after pre-acquisition losses of £652,000 *(£1,889* profits) and minorities down from £71,330 to £17,533. attributable profits were £325,032 compared with £756,619.

The total dividend is halved at 7.2625p (14.525p) with a final of 4.6375p. Dividends absorb £319,550 (£639,100). Vibroplant is unquoted.

● comment

Vibroplant's somewhat unlikely foray into video juke boxes has cost £2m in equipment and r and d since its inception two years ago. It is still some way from proving itself even though it is currently trading at a small profit. Nevertheless, Vibroplant's video venture has not been quite so costly as the more than tripled losses from the leisure division suggest. The previous annual figures included only six months' trading from video juke boxes when sales were held up by legislative restrictions on the use of the machines as well as by distribution problems associated with London and Liverpool Trust, which until four months ago exclusively marketed the machines.

Meanwhile, an improvement in trading conditions—which has since abated—allowed 10 per cent price increases on the mainstream plant hire side. This side of the business has always been volatile and Vibroplant is aggressively seeking longer term contracts in a bid for greater earnings stability. Investment in new plant ran slightly ahead of depreciation at £3m, against £500,000 for video juke boxes, and provided the biggest element in a rise in borrowing to nearly 50 per cent of shareholders' funds. The p/e on yesterday's price of 129p, up 11p, has come down significantly from former levels, but is still a little daunting at just over 30 on an historic fully-taxed basis.

Albright & Wilson climbs to £14m at halfway stage

A CONSIDERABLE improvement in pre-tax profits is reported by **Albright and Wilson,** manufacturer of chemicals and allied products, for the six months to June 27 1983. The figures climbed from £6.68m to £14.83m, and the directors say this reflected increased sales, further gains in manufacturing efficiency and benefits from the reduced value of sterling.

Sales were ahead at £272.42m compared with £258.03m. No dividend on the ordinary stock has been declared for 1983 (same), and the first half preference stock dividend has been waived as in 1982.

First half results were affected by the sale of the Bush Boake Allen flavour and fragrance business in September 1982 and the inclusion from January 1983 of the TCE UK companies, mainly engaged in the manufacture of paper chemicals.

Excluding Bush Boake Allen and TCE, sales would have risen in value by about 15 per cent, but trading profit would still have increased by just over 50 per cent.

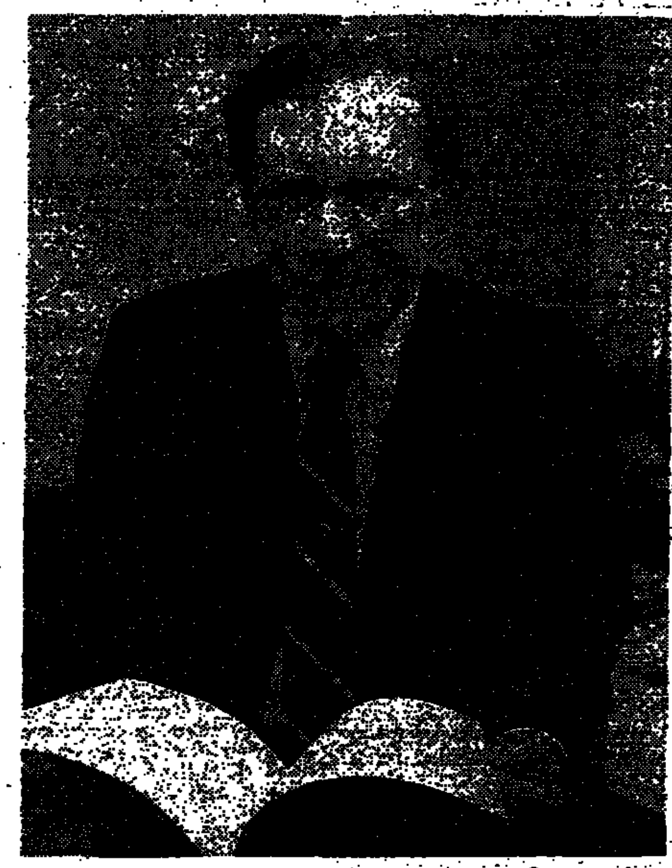
Trading profits for the opening six months advanced from £13.77m to £20.79m. Interest payable less receivable was down from £7.09m to £5.97m.

After tax up from £2.22m to £2.6m and higher minorities of £863,000 (£253,000), attributable profits, before extraordinary items, were £11.36m compared with £4.21m.

There were extraordinary debits of £2.59m against £8.39m. These related mainly to the disposal of the West Bank site and the planned closure of the Stratford site. The losses in 1982 *mainly comprised a provision* for loss on disposal of the Bush Boake Allen business.

Commenting on the first half figures, the directors say almost all sectors contributed to the improvement in results, with the largest gain being achieved in phosphates.

Recession in the North American pulp and paper industry, and low margins in UK fertilisers, led to a reduced contribution from the two sectors concerned. While the recovery in UK profits progressed, the overseas companies continued to provide the major part of group profits.



Mr David Livingstone, deputy chairman and managing director of Albright and Wilson, the London-based chemical manufacturer, which yesterday reported interim profits up from £6.68m to £14.83m.

Charles Hill ship repair side put in receivership

BY DAVID DODWELL

Charles Hill, the ship-repairing and engineering group which merged last December with Kennedy Smale, the electro-mechanical, telecomunications and knitted-gloves manufacturer, has put its ship repairing business into receivership.

Jefferies Avonmouth, the ship repairer that was, until the merger with Kennedy Smale, the main business of Charles Hill, employs about 200 people at a drydock near Bristol. Charles Hill announced yesterday that the company had continued to incur "substantial losses," and that without the immediate injection *of further funds, it was insolvent.*

Mr Alex Johnstone, chairman of Charles Hill since February, said: "The whole group would have been endangered if the board had not taken firm action. I think we have stopped the haemorrhage."

Receivers Peat Marwick Birmingham, are allowing the company to continue to trade while a buyer is sought.

Two other Charles Hill subsidiaries are in the process of being sold "to protect the current and long-term profitability of the remainder of the business." These are Octavius Hunt, which makes smoke pesticides and sparklers, and Astral Telecom, a dealer in telecommunications products.

Octavius Hunt has been sold for £300,000, with £50,000 of the total being deferred for 10 months. Negotiations on the sale of Astral are "at an advanced stage." The sum raised is expected to be in the region of £125,000.

Disagreement over the decision to put Jefferies into receivership led to the resignation of Mr William Douie, Charles Hill's only non-executive director.

Mr Douie said yesterday: "If you can't agree with a board decision on a matter of principle, then the only honourable option is to resign."

For the past three years, Charles Hill has reported pre-tax losses. In 1981 they amounted to £423,000—compared with £186,000 a year earlier. Turnover in the same year fell from £14m to £10m.

By contrast, Kennedy Smale made pre-tax profits of £1m in the year to March 31 1982, on turnover of £3.9m. This compares with profits of £900,000 in the previous year, on turnover of £3.6m.

Mr Johnstone said the full extent of the losses at Jefferies would be revealed when annual accounts are unveiled at the end of September. Charles Hill's shares improved 5p on the Stock Exchange, to end the day at 78p.

John Crowther rights issue 94% taken up

Acceptances have been received for 3,386,735 ordinary representing approximately 94 per cent of the 3.6m ordinary offered by way of rights, by **John Crowther Group.**

New ordinary not taken up have been sold in the market at a premium and net proceeds will be distributed pro-rata among the provisional allotees originally entitled thereto, except that no individual payment will be made for any amount of less than £2.

Greencoat Props.

Greencoat Properties, to be renamed Abaco Investments, has announced that of the 41.69m new ordinary share offered by way of a rights issue, approximately 95 per cent has been taken up. Shares not taken up have been sold in the market at a premium and the net proceeds will be distributed to provisional allottees who have not taken up their rights, except that no payment will be made of individual amounts of less than £2.

FT share information

The following securities have been added to the Share Information Service:

Abingworth (Section: Trusts, Finance, Land).
Adam Leisure Group (Leisure).
Allstate Explorations (Mines-Australian).
Barrick Resources Corporation (Canadians).
Caparo Inds 8½ per cent Conv. Cum. Red. Pref. (Industrials).
Cifer (Electricals).
Datastream (Industrials).
Edmond Holdings (Property).
Intervision Video (Hldgs.) (Leisure).
Microfilm Reprographics (Electricals).
Micro Focus Group (Electricals).
Microlease (Electricals).
Miss World Group (Leisure).
Mnemos (Electricals).
Nationawide Leisure (Leisure).
Octopus Publishing Group (Newspapers).
Otter Exploration (Mines-Australian).
Pan Pacific Petroleum (Mines-Australian).
Perstorp AB (Chemicals).
Renishaw (Electricals).
Securiguard Group (Industrials).
Spring Ram Corpn. (Industrials).
United Leasing (Trusts, Finance, Land).

RESULTS AND ACCOUNTS IN BRIEF

SELECTED MARKET TRUST—*Revenue* for the six months to May 28 1983 £100,000 (£135,0000) including net investment income £86,0000 (£103,000) and expenses £26,000 (£29,000). Participating shares offer price £16.58 (£11.59). Directors believe outlook remains good for world economies and stock markets and they intend to remain as fully invested as possible.

WINTERBOTTOM ENERGY TRUST—Net asset value per ordinary share was 88.7p at the close of business on August 12. This was after deduction of prior charges at par, and 91p after deduction of prior charges at market value.

ASSOCIATED BRITISH FOODS GROUP—Results for year to April 2 1983 reported May 24. Group shareholders' funds £629.03m (£543.24m); net current assets £99.69m (£141.28m); fixed assets £767.92m (£598.44m); investments £30.54m (£12.97m). Decrease in working capital £4m (£5m *increase). Increase in borrowings* £61m (£8m). Meeting, Connaught Rooms, WC, June 24, 11 am.

HOUSE OF FRASER (department stores)—Results for year ended January 29 1983 reported April 29. Group fixed assets £399.59m (£374.62m), net current assets £154.89m (£148.42m). Shareholders' funds £496.6m (£482.25m). Meeting, Glasgow, June 30 at noon.

DELMAR GROUP (rubber and plastics fabricator)—Results for the period to the end of March 1983 already known. Shareholders' funds *£1.27m (£132,569): fixed assets £1.02m* (nil); net current assets £530,687 (£132,569); decrease in bank and cash balances £171,874 (increase £514,022) including £1.06m purchase of Delmar this time. The company is a close company. Meeting: Manor Royal, Crawley, West Sussex, on August 25 at 10 am.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually *held for the purpose of considering* dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Adams and Gibbon, Anglo-International Investment Trust, Metal Bulletin, Royal Insurance, Unilever.

Finals: Cowan De Groot, Fleming Japanese Investment Trust, Group Investors, Haslemat, Meat Trade Suppliers, Restmor.

FUTURE DATES

Interims:—

AGA	Sept 2
Algemene Bank Nederland	Aug 19
Bryant (Derek)	Aug 17
Charterhouse Group	Sept 1
Crouch (Derek)	Aug 24
English & Scottish Investors	Aug 19
Fife Indmar	Aug 23
Ingham (George)	Aug 23
Leisuretime International	Aug 19
Needlers	Aug 25
Olives Paper Mill	Aug 17
Phoenix Properties & Finance	Aug 23
Prudential	Sept 8
Reckitt & Colman	Sept 6
Rotork	Aug 24
Southend Stadium	Aug 17

Finals:—

Calcutta Electric Supply (India)	Aug 17
Fleming Japanese Inv Trust	Aug 16
Reliance Knitwear	Aug 16

MINING NEWS

Improvement in Impala profits

BY KENNETH MARSTON, MINING EDITOR

INCREASED profits for the year to June 30—improving on the company's forecast at the half-year stage—are announced by Impala Platinum Holdings in the Gencor group.

As a result, the final dividend is lifted by 10 cents to 60 cents, making a year's total of 85 cents (51p) against 75 cents for the previous 12 months. Little change is forecast in results for the current year to next June.

	Year ended 30 June 1983 R000	1982 R000
Consolidated profit ...	174,948	154,926
Tax and lease cons. ...	83,309	65,475
Profit after tax and lease consideration	91,639	89,451
Transfer to reserve of foreign subs. ...	—	57
Transfer to reserve for expend on mining ...	24,300	36,500
Dividends ...	49,002	43,237
Earnings per share (cents) ...	159	155
Dividends per share (cents) ...	85	75

Although the figures are not directly comparable, it is clear that Impala has done less well in the past 12 months to June 30 than has its rival Rustenburg Platinum Holdings in the 10 months to June 30.

Impala's pre-tax profit of R174.9m (£105m) shows an increase of 12.9 per cent over that of the previous year while the net profit, after transfers to reserves, is up 27.3 per cent to R67.3m.

In the case of Rustenburg, pre-tax profits for the 10 months to June 30 of R151.2m were 78.2 per cent higher than those of the previous 12 months. Distributable earnings after tax and provisions rose to R63.4m, an increase of 54.6 per cent over the total for the previous 12 months.

Rustenburg's sales of platinum accelerated in the final four months, a period in which the company embarked on a policy of basing its selling prices more closely on those on the the free market after having previously followed the fixed producer price of $475 per ounce.

The free market price has been below $475 during this period—it was around $435 yesterday — which suggests that Rustenburg's more competitive pricing policy may have increased business at the expense of Impala which has not abandoned the producer price line, although some discounting may have occurred.

Even so, Impala says that the level of platinum sales was better than forecast. Japanese jewellery industry demand remained good and there was an improved offtake by the automobile industry which uses the metal as a catalyst in exhaust emission control devices.

Impala's latest results were not known during market hours yesterday and the shares closed 25p up at 925p to yield 5.5 per cent on the increased dividend. Rustenburg at 750p xd return only 2.7 per cent but in this case the market is expecting a further increase in the current year's dividend.

Peko-Wallsend counter offer for Robe River

A COUNTER-BID of A$2.40 (141p) per share for Australia's Robe River iron ore holding company is to be made by the Peko-Wallsend mining and industrial group. Valuing Robe River at some A$103m (£60.6m) the latest offer follows one of A$2 per share made earlier this month by the Pancontinental Mining uranaum, gold and oil group. Robe River shares were marked up to 140p in London yesterday.

Robe River has a 35 per cent stake in the big Robe River iron ore venture, in the West Angela region of Western Australia's Pilbara, which has some 1.1bn tonnes of iron ore. The other participants in the venture are Cleveland Cliffs (30 per cent), Mitsui (30 per cent) and Cape Lambert Iron Associates (5 per cent).

Michael Thompson-Noel reports from Sydney that Redesdale, a 50.01 per cent shareholder in the Robe River company, has not ruled out accepting a bid. Redesdale is 51 per cent-owned by Burns Philp, the Australian trading group, and 49 per cent by Engelhard Minerals and Chemicals of the U.S.

Peko-Wallsend's offer is conditional on acceptance by holders of 90 per cent of Robe River's capital, of which Pancontinental holds 9.74 per cent. In the year to June 30 Robe River's net profit advanced by 116 per cent to A$10.9m.

"Although cognisant of the reduced growth prospects for Australian iron ore producers, Peko is satisfied that its proposed investment in Robe River will provide an attractive rate of return," the company said yesterday. "In addition, it will complement the company's principal interests in gold, uranium, copper, tungsten and coal."

New Gencor gold mine may be in prospect

ACCORDING to Johannesburg brokers, Davis Borkum Hare, the Gencor group has a new modest grade gold mine in prospect as a result of the earlier reported drilling of the Eendracht-Leandra area adjoining the Evander goldfields in South Africa.

Mr Ted Pavitt, chairman of Gencor, said in the annual report in April this year that it was hoped that there was sufficient tonnage "to warrant exploitation as an adjunct to an existing mine."

The brokers believe that the new mine will be called Poplar and will cost some R350m (£210m) to take to production by 1987. Milling capacity is expected to be between 100,000 tonnes and 150,000 tonnes per month with a gold grade of between 5 grammes and 5.5 grammes per tonne.

When the production stage is reached they think that the newcomer may be attached to an existing mine in the area, probably Winkelhaak. Thus there is the prospect of a similar deal involving the utilisation of tax benefits as in the case of the proposed merger, just announced, between the group's Buffelsfontein and Beatrix Mines.

Increase by Commercial Bank of Wales

A GREATER volume of business, particularly in foreign trade, helped offset the adverse effect of lower interest rates at the Commercial Bank of Wales which showed a lift in pre-tax profits from £402,000 to £625,000 for the six months to the end of June 1983.

The group improvement, according to Sir Julian Hodge, chairman of this unquoted banking concern, is largely attributable to instalment credit business, which benefitted from reduced funding costs and greater turnover following the withdrawal of hire purchase controls.

The second half of the year is expected to be much in line with the first. Although interest rates may produce a slight upward trend Sir Julian says this will not affect the instalment credit subsidiary for the second half as funds have already been negotiated.

Operating profits fell from £4.37m to £3.83m after which interest payable was lower at £3.2m compared with £3.97m.

Tax amounted to £240,000 (£152,000) and retained profits emerged ahead from £250,000 to £385,000.

Good recovery at Laurence Gould

THE UK business of Laurence Gould and Co, consultants in agriculture, has shown a "very good recovery" and is presently ahead of its budgeted profit and turnover, says Mr Laurence Gould, the chairman, in his interim report.

All sectors of the company's business are in profit, including its new Belgian subsidiary, Agrer.

Figures for the six months to June 30, 1983 show an increase in trading profits from 148,000 to £186,000. This was prior to the staff profit share scheme, which increased from £22,000 to £26,000. Turnover of this USM company was higher at £1.94m compared with £1.27m. (Comparative figures do not include any contribution to turnover or profits from Agrer, which was acquired on July 1, 1982.)

An interim dividend of 1.3p (1982 equivalent of 1.25p) is being paid.

Tax for the half was up from £60,000 to £69,000, leaving attributable profits higher at £91,000 (£46,000). Stated earnings per share rose from 4.03p to 5.03p.

Mr Gould says the company continues to be very active in Tanzania where it is engaged on a major contract for the coffee industry development programme through the Tanzanian Government, and funded by the European Development Fund.

In Ethiopia and in Indonesia, it is working on World Bank funded assignments. New projects have started in Ghana—which had been seriously delayed due to political and economic conditions in that country.

In Bangladesh, Laurence Gould has been entrusted by the Asian Development Bank to develop an assignment in the Chittagong Hills. The company is also engaged on new projects in Barbados and Honduras, and in Sudan it has recently captured an important project on the White Nile.

Agrer, the Belgian subsidiary, has responded well to its association with the group and is vigorously pursuing a range of new contracts as well as continuing to work in a number of French-speaking countries.

At June 30, net assets were £1.45m (£1.04m at December 31 1982). This includes net receipts of £320,000 from the recent USM placing.

Rexmore shows some early confidence

All subsidiaries of Rexmore, fabric supplier and distributor, are ahead of budgeted targets and ahead of the corresponding figures for the early months of 1982-83, says Mr A. Rosenblatt, the chairman, in his annual statement.

He believes that the long recession experienced in the textile industry is showing signs of coming to an end. He adds: "Should this trend continue, I am confident that the current year will be one of improved performance

Losses continue midway at Ayrshire Metal Prods.

A DIVE to pre-tax losses of £68,000 has been shown by Ayrshire Metal Products for the 24 weeks to June 17 1983, which compares with previous profits of £24,000. Sales of this light engineer and steel fabricator expanded from £6.27m to £6.33m.

The loss per 25p share was shown as 1.4p against previous earnings of 0.5p.

Overseas there was an increased trading profit of £10,000 compared with £1,000, but in the UK the figures were reduced sharply from profits of £31,000 to losses of £59,000.

In the last full year pre-tax losses grew from £243,000 to £539,000.

Markets continue to be severely depressed, say the directors, with margins under considerable pressure. The company's St Helens factory is one exception with some of its markets showing a welcome recovery.

Losses were after charging redundancy costs of £16,000 at Daventry. Interest payable rose sharply from £8,000 to £19,000.

Midland Bank rights issue approved

At an extraordinary general meeting of Midland Bank held yesterday shareholders approved the resolution necessary to implement the rights issue which was announced on July 27.

Provisional allotment letters will be despatched to shareholders on the register on August 15, in accordance with the details set out in the circular to holders dated July 29.

Listing has been granted for the new shares and dealing will commence, nil paid, today.

Second half advance at Howard Shuttering

IN THE year to April 30 1983 taxable profits of Howard Shuttering (Holdings) advanced from £359,853 to £582,766 on higher turnover of £6.2m, against £4.89m.

With earnings per 10p share of this group—whose principal activities include formwork and shuttering contracting, erection of concrete structures, plant hire to the construction industry and specialised joinery work—given as 5.6p (4.3p), the final dividend is raised from 0.865p to 1p net, making an increased total of 1.55p (1.4p).

At the half-year stage, the group had slipped from pre-tax profits of £227,000 to £203,000, on lower sales of £2.62m (£2.68m).

For the full year, tax took £167,635 (£36,586) leaving attributable profits of £415,131 (£493,421 after an extraordinary credit of £170,154 relating to a revaluation surplus on a freehold property which was realised on its subsequent disposal). Dividends absorb £97,471 (£58,447)—after Mr J. A. Howard, chairman, and Mrs J. D. Howard waived their interim payouts—and the retained profits emerge at £317,660 (£434,974).

BIDS AND DEALS

Expansion by Prince of Wales Hotels

Prince of Wales Hotels has agreed to purchase the Golf Hotel, Woodhall Spa, Lincolnshire, from a subsidiary of **Epicure Holdings.**

The consideration of £550,000 for the business, property and hotel and restaurant equipment, as well as for Epicure's improvement works and the lease, will be satisfied by the allotment on completion of 500,000 new shares in PoW ranking pari passu with those currently in issue and representing 8.3 per cent of the share capital as enlarged.

These shares will be subject to a limitation on resale for a minimum of 12 months.

As part of the terms, PoW will be granted a three-year rent-free lease of a neighbouring property, currently used to accommodate staff. In addition, a sum will be payable in cash in respect of stock in trade and a motor vehicle. *These are to be* the subject of an inventory and are expected to amount to approximately £25,000.

The Golf Hotel has 55 bedrooms and conference facilities and is set in well-maintained gardens next to an excellent golf course. Twenty-six bedrooms do not have private bathrooms and, as part of the acquisition terms, the vendor has undertaken to complete by mid-May 1984 its existing improvement programme of installing 18 additional private bathrooms.

PoW intends to install further bathrooms themselves, and it believes that, following these *installations and with its sales* and marketing strength, the Golf Hotel will represent a profitable acquisition. PoW does not believe that past profitability, which has not been significant, *is* relevant.

It is expected that completion will take place on or about August 19 1983.

WM. WHITTINGHAM

Share dealings were resumed yesterday in **William Whittingham**, the Wolverhampton housebuilder which announced on Friday it had accepted an £8.3m approach from the Comben Group. From a suspension price of 114p, shares rose to end the day at 122p. The Comben offer valued Whittingham shares at 130p.

Whittingham was first approached in July by Milbury, housebuilder, controlled by Mr Jim Raper. Milbury offered 83p for a maximum of 30 per cent of Whittingham shares.

Comben appeared as a white knight after Whittingham had reached agreement with Dixon Photographic to sell its loss-making subsidiary Colortrend.

MERGERS CLEARED

Proposals for the transfer to **Berrows Newspaper Group**, a subsidiary of Reed International, of five free local newspapers have received official consent. The newspapers concerned are the Bromsgrove Advertiser, the Droitwich Advertiser, the Redditch Advertiser, the Stourbridge News and the Halesowen News, which are owned by the Bullman Publishing Company.

HALMA APOLLO

On August 12 1983 **Halma** completed the purchase of **Apollo Manufacturing.**

Apollo makes fire and smoke detectors for industrial and commercial fire control systems.

Turnover for the year to April 29 1983 was £1m, of which approximately 50 per cent was overseas.

Consideration was £323,500 in cash.

There is provision for a further payment to the vendors *calculated by reference to the* profit before tax of Apollo for the year to April 30.

Maximum additional payment under this formula is £240,000, payable if the profit for that year equals or exceeds £193,333.

Apollo profit before tax and items for the year was £43,870, which was after the cost of payments to non-executive directors of approximately £61,000.

At the year end the net tangible assets of Apollo were £178,464.

MERCURY SECS.

Mercury Securities' wholly owned subsidiary, S. G. Warburg and Co. has exchanged contracts for the sale of its long leasehold interest in 30, Gresham Street, London EC, to **UBAF Bank** for £14.88m payable on completion which *will be no later* than August 31, 1984.

S. G. Warburg and Co has recently entered into a lease of new office premises at 33, King William Street, London EC.

TELE RENTALS

Prudential Corporation Group, including segregated funds which they manage for clients, has an interest in 5.01 per cent of the issued ordinary share capital of Telephone Rentals.

Tarmac believed to have bought aggregate reserves

BY MICHAEL CASSELL

THE *Midlands-based* quarrying and civil engineering group **Tarmac**, is believed to have made two more acquisitions to boost its already substantial aggregate reserves. The two deals are thought to have cost Tarmac around £15m.

Last week, the group announced that it had paid £9.6m for Charlton Sand and Ballast of Shepperton, Surrey. The purchase will give Tarmac access to reserves close to the M25 London orbital motorway, on which it is now working.

The deal represented the first major expansion of group aggregate reserves since it paid £40m for Hoveringham in late 1981.

Tomorrow, a statement is expected to give details of the two latest purchases. Tarmac would not comment on the deals yesterday but it is understood that one of the two acquisitions involves one of the largest UK gravel operations.

The other purchase is believed to be in Florida, where Tarmac has been *developing* a ready-mix concrete and building materials business since 1980.

The group's quarry products division, which now accounts for around one-third of total group turnover, has been spearheading Tarmac's recent strong performance—pre-tax profits last year rose by 32 per cent to nearly £69m.

Hoveringham in particular has begun to make a major contribution to group results, despite early criticism that the acquisition cost was too high.

Tarmac expects further growth to emanate from its existing *quarry products operations and* needs continually to acquire new aggregate reserves. At present, the group uses 30m tonnes of aggregates a year.

Ingram shares spiral on Liechtenstein bid

SHARES IN **Harold Ingram**, makers of knitted garments, were suspended *yesterday at 300p* after rising from 165p to 328p in a single day's trading. The dramatic rise follows a 65p per share bid from a Liechtenstein company controlled by two Turkish businessmen. Ingram's chairman and his wife have already agreed to sell their 52.6 per cent stake to the Liechtenstein company.

Mid-afternoon the shares were *suspended at the company's* request pending publication of an offer document from the Liechtenstein company, Wasskon Establishment.

The Stock Exchange's quota*tion department has begun an* investigation of the share price which rose from 80p at the beginning of Friday's trading to its present levels.

Although the offer from Wasskon Establishment values Ingram at £1.95m the company's value on the stockmarket is £9.9m.

Jobbers on the London stockmarket reported that there had been heavy buying of Ingram shares.

The gyrations in the Ingram share price were triggered by the Friday announcement that *Mr and Mrs Harold Ingram*, chairman and managing director and assistant managing director respectively, had agreed terms for the sale of their total combined holdings of 1.69m ordinary shares, or 52.26 per cent of the ordinary capital, to Wasskon for 65p per share.

During Friday it was announced that stockbrokers Savory Milln and Co had bought on behalf of Mr Ingram 25,000 shares in Ingram at 164.25p per share. The brokers also bought 25,000 shares for Mrs Ingram at an average price of 164.25p per share. A director of Ingram, Mr G. Ward, sold 20,000 shares *at 173p per share reducing his* holding to 11,600 shares.

In April this year Wasskon acquired a 76.2 per cent controlling stake in Bellair Cosmetics from the privately-owned Fenton Hill Group, a retail shop operator, confectionery and toiletries manufacturer. In yesterday's trading shares in Bellair rose 45p to 685p. Wasskon acquired its stake from Fenton for 8p per share. Bellair is now valued at £17.5m on the stockmarket.

Benlox agreed bid for TMK Civil Engineering

BY DAVID DODWELL

Benlox Holdings, the building and contracting group, has conditionally agreed to buy the privately owned **TMK Civil Engineering** in a cash *and shares* deal which could amount to £675,000.

TMK, which operates in the south east of England, was founded in 1978 by Mr Thomas Kelly. Over the three financial years to October 1982, pre-tax profits have risen from £20,000 to £176,000, with turnover last year up to £1.8m.

Confidence in future profits growth prompted Mr Kelly to agree with Benlox on a deal linked closely with performance *over the next three years.*

He will be paid in two phases. The initial payment, amounting to £300,000, will comprise £200,000 in cash on completion of the deal, and £100,000 to be met by issuing 286,000 Benlox shares. This values Benlox shares at 35p. On the stock market, Benlox shares ended the day up *10p at 36p.*

The second, more complex will not be made until the end of July 1986. It will be based on profits between 1983 and 1985, up to a maximum of £375,000 in the event of TKM earning net pre-tax profits of £750,000—an average of £250,000 a year. This payment will also be in Benlox shares.

Mr Michael Buckley, chairman and managing director of Benlox, said yesterday that three factors attracted his company to the deal. First, Benlox has contracting interests which TKM could complement. Second, the company's growth under Mr Kelly had been impressive. Finally, a deal linked to future profits of TKM was attractive.

Benlox sales last year amounted to £6m, which earned "disappointing" profits of £65,000. However, Mr Buckley has forecast turnover for the current year amounting to about £9m and a significant improvement in profits.

He said Mr Kelly had been keen to sell his private company because after a period of rapid growth he had become aware of *possible obstacles* to future growth which would be better dealt with in a larger, public enterprise. He will remain chief executive of TMK.

SHARE STAKES

Cluff Oil—The trustees of the BBC New Pension Scheme now *hold a total of 734,429 "B"* ordinary shares (6.09 per cent).

Royal Bank of Scotland — Guardian Royal Exchange Assurance has acquired 45,000 11 per cent cumulative preference shares, thereby increasing its holding to 120,000 shares (24.16 per cent).

Tysons (Contractors) — Mr W. L. Tyson, chairman, has sold 341,725 ordinary shares.

Huntleigh Group — Kleinwort Benson, financial advisers to Flight Refuelling (Holdings), has purchased 700,000 ordinary shares.

Amalgamated Distilled Products — Following the allotment to him on August 4 of 32,584 *ordinary shares* in part satisfaction of deferred purchase consideration for North West Vintners (Retail), Mr G. E. Walker is interested in 2,832,584 ordinary shares representing 7.87 per cent *of the listed issued ordinary* share capital.

Isle of Man Steam Packet Company—James Fisher & Sons has acquired a holding of stock amounting to £205,500 — which represents 9.13 per cent of the total equity.

Huntleigh Group — As broker to Huntleigh Group, Laing & Cruickshank has sold 5,000 *ordinary shares*, and bought a total of 700,000 ordinary shares, all for associates.

Fitzwilton—The Smurfit Group now holds over 5 per cent of the issued ordinary share capital.

Lake & Elliot—*Suter has in*creased its holding from 1.465m to 1.49m shares.

Spencer Clark Metal—Mr John E. Cable, of Griffiths and Lamb, Queensway, Birmingham, following a recent purchase, is now beneficial holder of 260,000 ordinary shares (5.21 per cent of the issued share capital).

Upsurge at UK Provident

A STRONG upsurge in business from insurance brokers and a good flow of contracts linked to mortgage repayment under MIRAS resulted in record new life and pensions business for **UK Provident** in the first half of this year.

New annual premiums advanced nearly 90 per cent to £19.5m, while single-premium business more than doubled to £36.6m.

The highlights of these new business figures included a fourfold rise in sales of low-cost endowments used to repay mortgages and a successful launch of a new flexible endowment savings plan.

The company also reports good growth in both self-employed and executive pension sales, together with a good start in the new money purchase group pensions plan.

Baring Brothers

BARING BROTHERS & CO. (merchant banker)—The directors announce that unaudited profits for first six months of 1983 were higher than for the corresponding period in 1982

Barbour Campbell buys Walter Allen

Barbour Campbell, Northern Ireland division of Hanson Trust, has bought **Walter Allen**, an electrical wholesaler.

Walter Allen supplies electrical business throughout the province.

The purchase complements Barbour Campell's other merchanting interests Robert Kirk and Aerocrete, both situated in Belfast.

RHM HQ SALE AND LEASE BACK

Ranks Hovis McDougall yesterday announced the sale and lease back of its newly built headquarters at Windsor for £14.2m to the Scottish Amicable Life Assurance Society.

News of the sale comes hot on the heels of the sale of RHM's agriculture division to Dalgety, the international agriculture, foods and lumber group, for £42m.

Mr Bob Rodgerson, RHM's finance director, said yesterday that proceeds from the two sales would be used "to strengthen—and by acquisition to expand—its successful food businesses worldwide."

Canning purchases Tilcon offshoot

W. Canning, chemicals, metals and electronics group, says its subsidiary, Water Management Chemicals, has purchased the water treatment services business of Tilcon.

The consideration amounts to £66,000, representing tangible assets acquired. In addition, a royalty will be paid on sales from August 1 1983 to December 31 1984. Five former employees of Tilcon have joined Water Management Chemicals.

Water Management, based in Kidderminster, is involved in the supply of specialist chemicals for water and effluent treatment. Approximately 50 per cent of the business is export orientated.

STEWART WRIGHTSON

Recommended offers by *Stewart Wrightson to acquire* Arbuthnot Insurance Services have become unconditional in all respects.

Acceptances have been received for the equivalent of 117,235 existing AIS ordinary (representing the whole of the share capital of AIS). They include elections to receive the consideration in cash for 110,533 existing AIS ordinary (94.3 per cent) and to receive the consideration entirely in Stewart Wrightson shares for 1,583 AIS ordinary (1.4 per cent).

Acceptances of the offers include those *for* 105,599 exist*ing AIS ordinary* (90.1 per cent) which were the subject of irrevocable undertakings to accept the offers.

As a result of the offers, 3,174,843 new Stewart Wright*son shares will be issued, which* will be in renounceable form until September 30 1983. Dealings in the new Stewart Wrightson shares will begin today for deferred settlement on August 19 1983. Following the allotment of the Stewart Wrightson shares to be issued under *the* cash election, S. G. Warburg & Co. will hold 6,423,760 Stewart Wrightson shares (29.6 per cent).

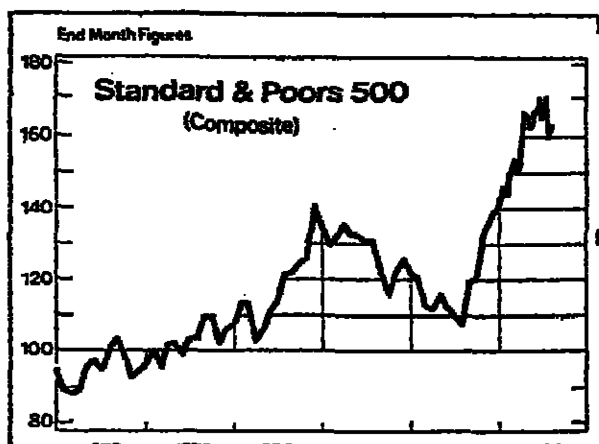
SECTION III – INTERNATIONAL MARKETS

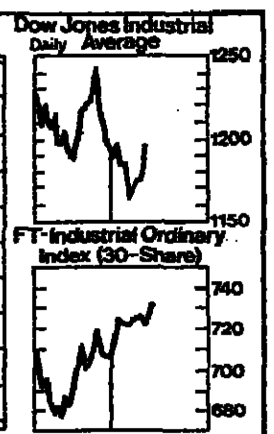
FINANCIAL TIMES

Tuesday August 16 1983

New U.S. Treasury warrants lead flurry in Eurobonds, Page 32

KEY MARKET MONITORS





STOCK MARKET INDICES

NEW YORK	Aug 15	Previous	Year ago
DJ Industrials	1193 50	1182 83	788.05
DJ Transport	534 61	539 62	295.49
DJ Utilities	128.90	127 94	106 31
S&P Composite	163 70	162.16	103 85
LONDON			
FT Ind Ord	732 8	722.1	545.8
FT-A All-share	461 96	455 88	327 86
FT-A 500	503 40	496 20	359.87
FT-A Ind	451.25	445 58	333.89
FT Gold mines	649.2	642 1	256 6
FT Govt secs	79 89	79 10	75 49
TOKYO			
Nikkei-Dow	9020 30	8920 82	6927 69
Tokyo SE	669 01	659 75	515 32
AUSTRALIA			
All Ord.	673 4	661.7	459 8
Metals & Mins	583 6	568 4	345 6
AUSTRIA			
Credit Aktien	closed	55 36	48 67
BELGIUM			
Belgian SE	closed	130.01	91.92
CANADA			
Toronto			
Composite	2412 7	2383.20	1402.90
Montreal			
Industrials	429 08	424 22	254 15
Combined	403.02	399.42	242 76
DENMARK			
Copenhagen SE	168.09	166.61	87.75
FRANCE			
CAC Gen	closed	131 2	94.50
Ind Tendance	closed	139.8	107.40
WEST GERMANY			
FAZ-Aktien	321 31	318.31	219.03
Commerzbank	953.30	944.40	665.60
HONG KONG			
Hang Seng	1047 24	1037.46	994.34
ITALY			
Banca Comm.	closed	197.32	158.48
NETHERLANDS			
ANP-CBS Gen	141 4	140.1	84.7
ANP-CBS Ind	113.6	112.5	67.3
NORWAY			
Oslo SE	205.79	203.15	104 13
SINGAPORE			
Straits Times	945 01	934.43	569.57
SOUTH AFRICA			
Golds	n/a	915 4	488.1
Industrials	n/a	922.2	578.5
SPAIN			
Madrid SE	closed	118 07	107.96
SWEDEN			
J & P	1502.63	1517.24	618 76
SWITZERLAND			
Swiss Bank Corp	344.4	343 2	239 6
WORLD	Aug 12	Prev	Yr ago
Capital Int'l	174.3	173.7	118.4

GOLD (per ounce)

	Aug 15	Prev
London	$418.125	$414 50
Frankfurt	$416 00	$413.00
Zürich	$417 50	$413.50
Paris (fixing)	closed	n/a
New York (Aug)	$420 00	$413.30

* indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR Aug 15	U.S. DOLLAR Previous	STERLING Aug 15	STERLING Previous
£	1 4925	1.4835	–	–
DM	2 7125	2.7205	4.05	4.0375
Yen	246 9	246 8	368 75	366.25
FFr	8.1555	8 185	12.1725	12 14
SwFr	2.168	2.184	3.2375	3.2425
Guilder	3 0355	3.046	4 5325	4 52
Lira	1607 5	1616	2398.5	2398 5
BFr	54.31	54 57	81.05	80.95
C$	1.23575	1.23575	1.844	1.8335

INTEREST RATES

	Aug 15	Prev
Euro-currencies (three month offered rate)		
£	9 11/16	9 15/16
SwFr	4⅝	4 11/16
DM	5⅝	5¾
FFr	15⅝	15½
FT London Interbank fixing (offered rate)		
3-month U S.$	10 7/16	10 9/16
6-month U.S.$	10⅞	11
U.S. Fed Funds	9¼	9⅝
U.S. 3-month CDs	9.95	10.25
U.S. 3-month T-bills	9.40	9.48

U.S. Treasury Bonds

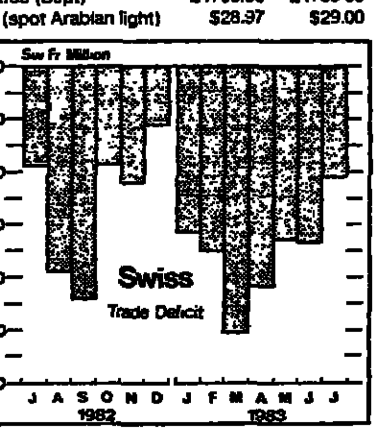
		Aug 15 Price	Aug 15 Yield	Prev Price	Prev Yield
10	1985	98 19/32	11.04	98 9/32	11.06
10¼	1990	95 24/32	11.66	95 21/32	11.68
11⅞	1993	100 24/32	11 75	100 27/32	11.74
12	2013	102 4/32	11.75	102 8/32	11.68

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
September	71–06	71–12	70–25	70–07
U.S. Treasury Bills (IMM) $1m points of 100%				
September	90.49	90.52	90.43	90.33
Cert Deposit (IMM) $1m points of 100%				
September	89.94	89.94	89.83	89.70
LONDON				
Three-month Eurodollar $1m points of 100%				
September	89.59	89.66	89.57	89.40
20-year Notional Gilt £50,000 32nds of 100%				
September	102–29	103–22	102–27	101–28

LONDON COMMODITY MARKETS

	Aug 15	Prev
Silver (spot fixing)	805.05p	792.15p
Copper (cash)	£1102.50	£1101.00
Coffee (Sept)	£1708.00	£1709 00
Oil (spot Arabian light)	$28.37	$29.00



WALL STREET

A helpful injection of optimism

AN INJECTION of optimism, in the form of last week's substantially reduced rate of growth in M-1 money supply, prompted an upward surge in heavy Wall Street trading yesterday, *writes Terry Byland in New York.*

But the rise in stock prices soon brought profit-takers into the market and early gains were halved by the close of the session. The Dow Jones industrial average, which had pushed up through the 1,200 mark to 1,203.86 at midsession, ended at 1,193.50, a net gain of 10.67.

Trading was hectic for a time in the morning but then died away to leave a total of only 83.6m shares for the full session. Gains exceeded losses fivefold at one time but advances finally stood at 1,007 compared with losses of 452.

The fixed interest markets, which had moved strongly higher late on Friday on the money supply news, presented a more mixed picture, however.

At yesterday's opening, prices for long-dated bonds slipped back from Friday's final quotations. But the market rallied later, helped by a customer repurchase arrangement by the Federal Reserve. At the shorter end, yields also continued to shade lower on the view that the Fed may find it unnecessary to tighten rates further now that money supply trends look healthier.

But not every voice on Wall Street was bullish. The modest rise in M-1 was good news indeed, but it was also a profound surprise for the market, which was expecting another substantial increase.

Among the best spots in the market were General Motors, $1⅛ higher at $69; United Technologies $1⅞ up at $68⅞; Ford, $1 higher at $57; and Exxon $⅛ up at $37¼.

A strong feature was provided by IBM, which jumped $1⅛ to $119⅝, after Mr Barton Briggs, the investment strategist at Morgan Stanley, had restored the computer monarch to the firm's list of stocks recommended as "buys." There were also several sizeable block trades in IBM.

Oil service issues – which were recommended by a market analyst as a defence against any further increase in domestic interest rates – were featured by Schlumberger, $⅞ higher at $61⅛.

Chemical stocks turned upward, led by Dow, the number one in the industry. The sector's profits will benefit from a fall in the dollar, which in turn is more likely if U.S. interest rates weaken.

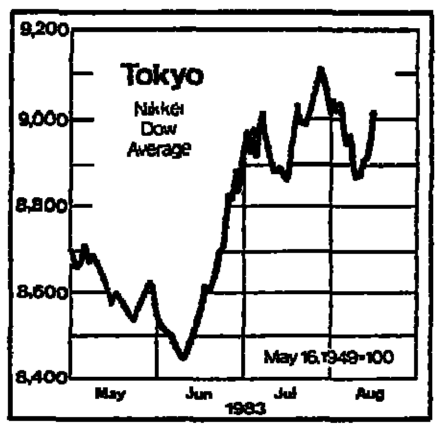
In the bond market, dealers said that Friday's activity reflected speculative rather than investment operations. Retail investors, such as the pension funds, remained on the sidelines unsure whether to trust the sudden recovery in bond prices.

The Federal Funds rate held firm at 9⅝, at which level the Federal Reserve helped the market with $1.5bn in customer repurchase arrangements.

The long bond, which on Friday night closed at 102 9/32 after its largest one day rise this year, traded down to 101 25/32 before turning higher again to end at 102 4/32, to yield 11.75 per cent.

The Federal Home Loan Board announced a $850m placing to be priced today. Otherwise, it seems a fairly quiet week both on the treasury and corporation financing fronts.

The tax exempt municipal securities market, on the other hand, faces $1.2bn in new financings – although there is a notable absence from the list of any electric power authorities.



TOKYO

Yen rally gives spur to investors

A STRONG rally of the yen on the foreign exchanges reflecting a much smaller than expected rise in the U.S. money supply, sent share prices soaring in Tokyo with the Nikkei-Dow Jones average regaining the 9,000 level yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The bond market also became active in response to a firm tone in New York at the weekend, but a hesitant mood developed towards the close.

The Nikkei-Dow market barometer of 225 select issues added 99.48 to finish at 9,020.30, recovering the 9,000 mark for the first time in eight sessions. But trading was slow at 220.58m shares, although this was up slightly on last Friday's 195.16m shares.

The stock market was bullish with prices advancing almost across the board, but the rally was attributable mainly to small-lot buying and few sell offers.

Leading the upward pace were export-oriented blue-chip issues like electricals and precision instruments. Matsushita Electric Industrial rose Y80 to Y1,610, Matsushita Communication Y230 to Y3,500, NEC Y50 to Y1,480, Canon Y80 to Y1,490 and Fuji Photo Y140 to Y2,260.

The only dark spot was the non-ferrous metal sector, where Sumitomo Metal Mining lost Y60 to Y1,360. Overall, advancing issues outnumbered declines 394 to 228, with 177 unchanged.

Isuzu Motors scored the day's largest turnover of 10.84m shares, with its price advancing Y21 to Y413, aided by a forecast from the Nomura Research Institute that the vehicle maker's profit for the business year ending in October will regain the Y10bn level for the first time in four years, on the strength of brisk truck sales.

The bond market nearly recovered a steady tone on small-lot buying. Caution prevailed in the market after contracts were concluded sporadically.

Backed by favourable factors overseas, yields on 7.7 per cent Government bonds with six to six and a half years remaining to maturity fell sharply to 7.81 per cent from last week's 7.885 per cent on the inter-broker market.

Also bought were 7.5 per cent Government bonds with nine and a half years remaining to maturity. But such buying was not strong enough to push up bond prices overall.

On the over-the-counter market, city, regional and trust banks made small-lot buy offers to sound out market conditions but received virtually no response.

Institutional investors, still concerned about the future movement of U.S. interest rates, remained on the sidelines, indicating that it will be some time before bond prices rally strongly.

EUROPE

Frankfurt helped by Hoechst

THE SHARP improvement in first-half earnings reported by Hoechst, the West German chemicals group, combined with the dollar's easier tone on the foreign exchanges, gave a fillip to share prices in *Frankfurt,* taking the Commerzbank index 8.9 up to 953.3.

Prices of public authority bonds also scored strong gains in very active bourse trading, boosted by the unexpectedly small rise in U.S. money supply recorded on Friday.

The chemicals sector took particular heart from Hoechst's 44.1 per cent increase in first-half pre-tax profit, built increased sales. Hoechst itself put on DM 3.20 to DM 160.50 while Bayer was up DM 3.60 to DM 151.80 and BASF added DM 3.40 to DM 158.80.

However, the largest gains of the day were recorded by motor manufacturers.

EUROPEAN bourses closed yesterday for public holidays included Brussels, Madrid, Milan and Vienna, while Paris will remain inactive today as a result of technical work.

VW surged DM 9.40 to DM 225 while BMW was up DM 3.50 to DM 388 and Daimler firmed DM 3.30 to DM 580.80. Conti-Gummi, the tyre manufacturer, added DM 2.30 to DM 108.50.

The Bundesbank sold a very large DM 147m of domestic paper to help meet bond market demand.

Shares were also higher in *Amsterdam,* particularly internationals where the index rose 0.6 to a new 1983 high of 151.7.

Akzo gave the index a boost with its Fl 2.6 gain to the year's high of Fl 78 after announcing nearly doubled profits for the second quarter. Unilever added Fl 2 to Fl 205.5 ahead of results today, while KLM – the only international to fall – lost 80 cents to Fl 159.

Shares ended very steady in *Zurich* although volume was thin as a result of a holiday in several Swiss cantons.

Swiss bonds finished narrowly mixed in lacklustre trading, with operators worried that the dollar's fall might be only temporary.

Stockholm ended mixed after a fairly quiet session, although some losses were the result of very small transactions.

Sandvik, the specialty steelmaker, took one of the sharpest drops, falling SKr 35 to SKr 275

LONDON

Records as gilts are rejuvenated

RECORD levels were attained by London equities yesterday as Government securities emerged strongly after a prolonged weakness. Gilt-edged markets were rejuvenated by U.S. money supply figures released on Friday, and fears of a possible further rise in U.S. prime rates were partly allayed.

The FT Industrial Ordinary index closed 10.7 up at an all-time peak of 732.8.

Many of the recent speculative favourites figured prominently, while a flurry of buying, which accompanied talk of possible asset sales, left BL 15p higher at 62p, after 80p.

The mining sector was highlighted by a strong advance in Australians, boosted by the surprising takeover bid for Australia's biggest group, BHP.

London-based financials made further rapid progress and South African golds gained ground too. *Details, Page 25. Share information service, Pages 26–27.*

HONG KONG

A STRENGTHENING of the local dollar, which at one stage reached 7.38 against the U.S. dollar, helped shares to advance in Hong Kong. At the close, the Hang Seng index was up 9.78 at 1,047.24.

Among the leaders, Cheung Kong rose 20 cents to HK$9 and Hongkong Land 3 cents to HK$4.05 but Hongkong Bank held unchanged at HK$7.95.

Hongkong Wharf gained 2.5 cents to HK$4.20, Hutchinson Whampoa 30 cents to HK$14.20 and Jardine Matheson 20 cents to HK$13.90.

Second and third liners were mostly steady in line with blue chips.

SINGAPORE

A SERIES of favourable trading results brought a fresh round of buying in *Singapore.* Investors continued to draw encouragement from last week's forecast by Mr Lee Kuan Yew, the Prime Minister, of a real growth of 6 to 7 per cent for this year, revised upward from a previous 4 per cent, assuming a continued U.S. recovery.

Banking shares generally firmed, led by OCBC, which added 30 cents to S$10.90 following a higher interim profit and dividend, and a rights issue, at S$3 per S$1 share.

AUSTRALIA

SHARP gains in the mining sector led a broad advance in *Sydney.*

A bid for BHP by Wigmores, recently acquired by the Bell Group for A$16.2m, was widely dismissed by the market. Although BHP closed 40 cents higher at A$10.80, analysts said that the Wigmore's bid, which equalled A$12 a share, did not influence BHP's price.

Elsewhere, leading resource issues advanced strongly in active trading. CRA rose 22 cents to A$5.9, EZ Industries 20 cents to A$6, MIM and North Broken Hill both 10 cents to A$4.35 and A$3.15 respectively, while Bougainville and CSR were each seven cents firmer at A$2.97 and A$4.20 respectively.

SOUTH AFRICA

GOLD shares closed marginally higher in *Johannesburg* after fairly active trading, as the bullion price held steady at its firmer level. Other precious metal and mineral sectors shadowed golds.

Heavyweight Kloof gained R2 at 56.50 and lightweight Loraine rose 20 cents to R8.40. Vaal Reefs, Southvaal and Sallies were the only losers.

Diamond share De Beers firmed 13 cents to R11.60. Impala Platinum rose 45 cents to end at R15.45 ahead of annual results, and another platinum, Rustenburg, was higher, 35 cents up at R12.85 ex-dividend.

CANADA

GOLD, oil and real estate issues showed particularly strong form in *Toronto* as all 14 major stock groupings traded higher.

Inco was at one stage C$⅝ higher at C$19⅝. Bell Canada C$⅛ at C$26⅞ and Gulf Canada C$⅞ at C$18⅞.

Montreal was led by oils, diversified industrials, metals and minerals. Foods were the only dull spot. The same higher trend was seen in busy Vancouver trading.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
17¾	5¾	AAR	.44	3.0	20	76	14⅝	14½	14½	+⅛
37¾	27¾	ACF	1.40	4.1	40	29	34¼	34	34	-⅛
20	12¾	AMF	.50	3.1		363	16⅛	15⅞	16⅛	+⅛
38¾	13¾	AMR Cp			58	3101	31⅛	28½	28¾	-1⅞
18⅝	13⅝	AMR	pf2.18	12.		14	18¼	18⅛	18⅛	-⅛
39⅛	24⅞	AMR	pf2.13	6.6		246	33¼	32	32	-1
13⅞	2½	APL				381	u14½	13¾	14⅛	+⅜
55	28½	ARA	2.05	4.2	12	158	49	47⅞	49	+1⅛
79⅞	30	ASA	3a	4.3		634	70⅞	68½	70½	+1⅞
33¾	9¾	AVX	s .32	1.2	65	240	27⅛	26½	26¾	+¼
50¾	28⅛	AbtLab	1	2.1	18	804	48⅛	47⅛	47¾	+⅞
30⅛	25¾	AccoW	n .50	1.9	20	97	26	25¾	25⅞	-⅛
27½	16⅛	AcmeC	.40	1.8		10	21⅞	21⅝	21⅝	-⅛
14⅛	6⅛	AcmeE	.32b	2.8	37	5	11⅝	11⅝	11⅝	-¼
21½	5½	AdmDg	.04	.2	16	37	20	19⅝	20	+⅛
17⅞	12½	AdaEx	1.73e	10		70	17⅛	16⅞	17⅛	+⅜
19⅛	6⅞	AdmMl	.24	1.3	9	97	18⅜	18	18⅛	+⅛
28	12⅝	Advest	s .16	.6	9	213	26	25½	25¾	+⅞
69¾	13¾	AMD	s		63	1005	58⅛	57	57⅛	+⅝
28¾	26¾	AMD	wi			22	u29¼	28¾	29	+¼
44⅞	32⅞	AetnLf	2.64	7.1	7	2047	37¼	36¾	37	+⅝
65	52⅞	AetL	pf4.94e	8.7		151	57	56⅞	56⅞	-⅝
40½	10	Ahmns	.60	2.1	70	464	29¼	28⅛	28⅛	-1⅛
7⅞	2⅞	Aileen				185	6½	6⅛	6¼	
50⅞	28⅝	AirPrd	1	2.3	12	370	44⅞	43½	43¾	-¾
27¼	10¼	AirbFrt	.60	3.0	20	34	20¼	20	20¼	
3⅞	2	AlMoa	n		95	195	2⅞	2¾	2¾	
33½	26	AlaP	pfA3.92	12		9	31½	30⅞	31½	+⅞
7⅝	5⅞	AlaP	dpf.87	12		7	7¼	7	7¼	+⅛
74½	58	AlaP	pf 9	13.		z250	70	70	70	+½
81½	60½	AlaP	pf9.44	13		z200	72½	72½	72½	+¼
71	53½	AlaP	pf8.16	13		z100	62½	62½	62½	-½
70	53	AlaP	pf8.28	13		z100	65½	65½	65½	+½
22⅞	13¾	Alegaco	1.76	8.3	6	13	21½	21¼	21¼	-¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 24

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 22

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
18	9½	WmEI	.60	5.1	5	310	12⅛	11½	11⅞	-⅛
11¼	6	WlshrO	.08r	1.1	7	167	7⅛	7⅛	7⅛	
62⅞	36	WinDx	2.58	4.8	12	55	54¼	53¼	53¼	+⅛
23⅞	6	Winnbg	.10e	.5	35	343	19⅝	19	19¼	+⅜
12⅛	3⅞	WinterJ			36	34	10⅛	10⅜	10⅜	-¼
25¼	20	WiscEP	2.10	8.9	7	1152	24¼	23⅝	23⅝	
73½	57	WisE	pf7.75	12		z650	67	66	66¼	-1⅛
29½	22	WiscPL	2.40	9.5	7	94	25¼	24⅝	25	+⅛

Continued on Page 24

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 23

NEW YORK CLOSING PRICES

Continued from Page 23

CANADA

(Closing Prices) Stock	Aug 15	Vars.
AMCA Int.	25⅝	+ ⅛
Abitibi	24	-
Agnico Eagle	19¾	+ ¾
Alberta Energy	18⅛	+ ⅛
Alcan Alumn	44⅛	+ ½
Algoma Steel	31¾	+ ⅜
Asbestos	11⅞	-
Bk Montreal	26½	+ ⅛
Bk Nova Scotia	38⅛	- ½
Basic Resources	-	-
Bell Canada	28½	+ ⅛
Bombardier A	13¼	-
Bow Valley	27¾	+ ⅜
BP Canada	-	-
Brascan A	34⅛	+ ⅞
Brinco	3.65	+ 0.1
B. C. Forest	11⅛	-
CIL Inc	27⅛	+ ⅛
Cadillac Fairv.	8⅝	+ ⅛
Can Cement	-	-
Can NW Energy	28⅛	- ⅛
Can Packers	24⅝	+ ⅛
Can Trustco	44	+ ⅜
Can Imp Bank	32½	- ⅛
Canadian Pacific	45⅛	-
Can. P. Ent.	22⅝	+ ⅛
Cdn Tire	58	-
Carling O'Kfe	21⅛	- ⅛
Chieftain	26⅛	+ ⅜
Cominco	53⅞	+ 1⅛
Cons Bathst A	22½	-
Coseka Resources	4.4	-
Costain	10⅛	-
Daon Devel	2.0	-
Denison Mines	44⅛	- ⅜
Dofasco	49⅛	+ ⅛
Dome Mines	20⅝	+ ½
Dome Petroleum	5⅛	-
Dom Stores	19½	+ ⅛
Domtar	26½	-
Falconbridge Ltd.	73⅛	+ ⅝
Genstar	29¼	+ ⅛
Giant Y'knife	25⅞	-
Gt West Life	225	-
Gulf Canada	18⅛	+ ½
Gulfstream Res.	1.24	- 0.07
Hawk Sid Can	17⅛	+ ⅛
Hudson Bay Mng	-	-
Hudson's Bay	24½	+ ⅛

DENMARK

Aug. 15	Price Kroner	+ or —
Aarhus Olie	495	+1
Andelsbanken	268	—0.4
Baltica Skand.	494	......
CopHandelsbank	247.2	+1.2
D. Sukkerfab.	627.4	+9.4
Danske Bank	277.2	+0.2
East Asiatic	134	+4
Forende Brygg.	985	......
Forende Damp.	284	+3
GNT Hldg.	466	......
I.S.S.B.	618	......
Jyske Bank	558	+30
Novo Ind	2,840	......
Privatbanken	265	+0.4
Provinsbanken	227	+2
Smidth (F.L.)	277.4	+5.4
Sophus Berend	895	+10
Superfos	288	+8.6

FRANCE

Aug. 11	Price Frs.	+ or —
Emprunt 4½% 1973	2,195	+33
Emprunt 7% 1973	9,901	+33
CNE 3%	3,025	......
Air Liquide	431	+6
BIC	623	—2
Bouygues	756	—4
BSN Gervais	1,959	+9
CIT Alcatel	1,310	+12
Carrefour	1,320	+31
Club Medit.	699	—5
CFAO	475	+5
Cie Bancaire	266	+6.1
Cofimeg	167	—2.3
Creusot Loire	37	+2
Darty	650	+15
Dumez	916	+40
Eaux (Cie Gen)	379	......
Elf.-Aquitaine	165	+1
Gen. Occidental	731	+3
Imetal	69.9	......
Lafarge-Coppee	286	—1.7
L'Oreal	1,885	+85
Legrand	2,035	—35
Maisons Phenix	463.5	+1.5
Matra	975	—4
Michelin B	742	+2
Midi (Cie)	970	+5
Moet-Hennessy	1,224	—1
Moulinex	79.6	+1.6
Nord Est	46.8	—0.2

NETHERLANDS

Aug. 15	Price Fls.	+ or —
ACF Holding	165.8	+0.8
Ahold	170.0	+0.6
AKZO	78	+2.6
ABN	400	+11.5
AMEV	125	+1.2
AMRO	65.8	+1.6
Bredero Cert	168.5	+3
Boskalis West	47.1	+0.1
Buhrmann-Tet	50.1	+0.6
Caland Hlds	36	+0.5
Credit Lyon'is Bk	52.8	+1.2
Elsevier NDU	384	+6
Ennia	134.6	......
Euro Comm Tst	102	......
Gist.-Brocades	163.5	+2
Heineken	135	+4.2
Hoogovens	86.4	+0.9
HunterDouglas	17.9	+0.7
Int Muller	24.9	......
KLM	159	—0.8
Naarden	38.2	+0.4
Nat Ned cert	154.3	—0.2
Ned Cred Bank	36.5	+0.5
Ned Mid Bank	154.8	+3.3
Ned Lloyd	93.5	—2.5
Oce Grinten	204.2	+1.2
Ommeren(Van)	27.4	—0.2
Pakhoed	63.5	+4.7
Philips	50.6	+1.1
Rijn-Schelde	4.5	+0.1
Robeco	312	+3.5
Rodamco	134.2	......
Rolinco	305	+4
Rorento	190.7	+1.2
Royal Dutch	147.4	+1.6
Unilever	205.5	+2
Vmf Stork	73.3	—0.5
VNU	98	+1.4
West Utr Bank	115	+1

NORWAY

Aug. 15	Price Kroner	+ or —
Bergens Bank	117	—1.5
Borregaard	177	+12.5
Christiana	125	......
Creditbank	127.5	—1.5

AUSTRALIA

Aug. 15	Price Aust. $	+ or —
ANZ Group	4.58	+0.03
Acrow Aust	1.30	......
A.O.D.	0.88	+0.05
Ampol Pet	1.58	—0.02
Assoc. Pulp Pap	1.85$	......
Aust. Cons. Ind.	1.62	—0.01
Aust. Guarant	2.3	......
Aust. Nat. Inds	2.65	+0.03
Aust. Paper	2.1	......
Bond Hldgs	0.98	......
Boral	3.2	+0.08
Bougainville	2.97	+0.07
Brambles Inds	2.67	+0.02
Bridge Oil	2.85	—0.05
BHP	10.6	+0.4
CRA	5.9	+0.22
CSR	4.2	+0.07
Carlton & Utd	2.75	......
Castlemaine Tys	3.93	+0.1
Coles (G.J.)	3.05	+0.05
Comalco	2.9	+0.05
Consolidated Pet	0.24	—0.01
Costain	1.45	+0.05
Dunlop	1.35	......
E.Z. Inds	6.0	+0.2
Elders IXL	4.0	+0.05
Energy Res.	1.7	+0.05
Gen. Prop. Trust	1.87	—0.03
Griffin Coal	6.68	......
Hardie (J.)	4.0	+0.05
Hartogen Energy	2.45	+0.05
HeraldW'y Times	2.7	+0.05
ICI Aust.	2.0	+0.08
Jimbalana (50cfp	0.25	+0.05
Kia Ora Gold	0.25	+0.01
Lend Lease	4.65	+0.05
MIM	4.35	+0.1
Mayne Nickless	2.9	+0.02
Meekatharra	1.5	......
Myer Emp.	1.52	......
Nat. Aus. Bk.	3.22	+0.04
News	8.4	+0.4
Nicholas Kiwi	2.3	+0.06
North Bkn Hill	3.15	+0.1
Oakbridge	1.42	......
Otter Expl	0.7	......
Pancon	1.5	+0.05
Pioneer Co.	1.56	......
Reckitt&Colman	2.3	+0.03
Repco	1.2	......
Santos	7.8	+0.16
Smith (H)	4.95	......
Southland Min'g	0.26	+0.03
Spargos Expl.	0.3	......
Thos. Natwide	2.02	+0.02

JAPAN (continued)

Aug. 15	Price Yen	+ or —
Konishiroku	604	+4
Kubota	312	......
Kumagia	408	—11
Kyocera	7,300	+440
Maeda Const.	498	......
Makino Milling	1,110	+20
Makita	1,340	......
Marubeni	275	+1
Marudai	543	+1
Marui	1,170	+10
MEI	1,610	+60
M'ta Elec Works	605	+5
M'bishi Bank	500	......
M'bishi Corp	505	+2
M'bishi Elect	403	+10
M'bishi Estate	441	—3
MHI	203	+1
Mitsui Co.	353	+1
Mitsui Est.	671	—4
Mitsukoshi	348	—4
NGK Insulators	527	+3
Nihon Cement	190	+3
Nippon Denso	1,430	+30
Nippon Elect.	1,480	+50
Nippon Express	251	+6
Nippon Gakki	627	......
Nippon Kokan	158	+5
Nippon Oil	875	—1
Nippon Seiko	585	+32
Nippon Shimpan	675	+10
Nippon Steel	162	+2
Nippon Suisan	315	—1
NTV	6,250	—250
Nippon Yusen	232	—1
Nissan Motor	716	+2
Nisshin Flour	396	+1
Nisshin Steel	145	+3
Nomura	746	+10
Olympus	1,070	+10
Omron Tateisi	1,700	+220
Orient Leasing	2,450	......
Pioneer	2,450	+80
Renown	520	—2
Ricoh	849	+20
Sankyo	784	+34
Sanyo Elect	457	+7
Sapporo	383	......
Sekisui Prefab	632	—4
Seven-Eleven	5,440	+90
Sharp	1,430	+50
Shimadzu	529	—6
Shionogi	827	+5
Shiseido	990	—10
Sony	5,370	+40
Stanley	763	+27

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

	Aug 15	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1183.5	1182.83	174.39	1175.88	1168.27	1163.86	1248.3 (16/8)	174.39 (11/8)	1248.3 (16/6/83)	41.22 (2/7/32)
Transport	534.61	539.82	539.82	537.07	531.81	532.5	589.29 (24/6)	434.24 (3/1)	589.29 (24/6/83)	12.23 (8/7/32)
Utilities	128.9	127.84	127.84	127.55	127.89	127.6	132.9 (20/7)	119.46 (3/1)	163.32 (20/4/69)	10.05 (28/4/42)
Trading vol 1000's†	8359	7157	7863	8290	8142	7146	-	-	-	-

	Aug 12	Aug 5	Jul 29	(Year Ago Approx)
Ind div yield %	4.66	4.66	4.62	7.08

STANDARD AND POORS

	Aug 15	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	184.63	182.78	182.88	182.15	180.54	179.47	183.22 (22/6)	154.95 (3/1)	183.22 (22/6/83)	3.52 (30/6/32)
Composite	163.7	162.16	161.55	161.54	160.13	159.18	170.99 (22/6)	138.34 (3/1)	170.99 (22/6/83)	4.4 (1/6/32)

	Aug 10	Aug 3	Jul 27	Year Ago (Approx)
Ind div yield %	4.05	4.08	3.88	6.28
Ind. P/E Ratio	14.04	14.20	14.50	7.14
Long Gov Bond Yield	11.89	11.78	11.47	13.11

N.Y.S.E ALL COMMON

Aug 15	Aug 12	Aug 11	Aug 10	1983 High	1983 Low
-	-	-	-	442.62 (6/5)	79.79 (24/1)

RISES AND FALLS

	Aug 15	Aug 12	Aug 11
Issues traded	839	1912	1937
Rises	84	931	813
Falls	488	563	677
Unchanged	367	418	447

MONTREAL

	Aug 15	Aug 12	Aug 11	Aug 10	1983 High	1983 Low
Industrials	429.08	424.22	424.71	426.3	493.88 (5/5)	329.12 (4/1)
Combined	403.82	399.42	400.11	401.84	428.99 (27/7)	319.4 (5/5)
TORONTO Composite	2412.7	2393.2	2387.1	2385.3	2517.7 (27/7)	1949.8 (4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Aug. 15	Aug. 12	Aug. 11	Aug. 10	1983 High	1983 Low
AUSTRALIA						
All Ord. (1/1/80)	678.4	661.7	663.3	669.4	688.2 (4/8)	487.8 (4/1)
Metals & Minls. (1/1/80)	593.6	568.4	569.3	578.5	609.9 (4/8)	411.8 (4/1)
AUSTRIA						
Credit Aktien (2/1/62)	(c)	55.36	56.58	56.36	59.8 (5/5)	48.48 (15/2)
BELGIUM						
Belgian SE (31/12/63)	(c)	130.01	128.62	127.27	134.45 (1/8)	100.50 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	168.09	166.61	(u)	165.14	168.09 (16/8)	100.00 (3/1)
FRANCE						
CAC General (31/12/82)	(c)	(c)	151.2	150.2	151.9 (4/8)	96.1 (3/1)
Ind Tendance (31/12/82)	(c)	(c)	152.8	153.5	140.5 (4/8)	98.0 (3/1)
GERMANY						
FAZ-Aktien (31/12/58)	321.31	318.31	315.48	315.00	331.85 (7/7)	241.88 (25/1)
Commerzbank(Dec1953)	855.3	844.4	834.9	852.2	988.5 (7/7)	727.3 (26/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1047.24	1037.45	1040.58	1029.74	1102.64 (21/7)	781.81 (4/1)
ITALY						
Banca Comm Ital. (1972)	(c)	197.52	197.56	199.03	214.95 (21/3)	160.46 (10/1)
JAPAN**						
Dow Average (16/5/49)	9020.30	8929.82	8908.61	8878.48	9112.07 (28/7)	7805.18 (25/1)
Tokyo New SE (4/1/68)	683.01	669.75	657.59	654.96	671.88 (28/7)	574.51 (25/1)
NETHERLANDS						
ANP-CBS General (1970)	141.4	140.1	140.4	156.8	141.4 (27/7)	100.1 (4/1)
ANP CBS Indust (1970)	115.6	112.5	112.4	112.1	114.0 (27/7)	85.5 (4/1)
NORWAY						
Oslo SE (4/1/83)	205.79	203.15	202.77	199.05	205.79 (15/8)	99.81 (4/1)
SINGAPORE						
Straits Times (1966)	845.01	854.48	850.63	814.79	984.44 (17/6)	712.29 (6/1)
SOUTH AFRICA						
Gold (1958)	(u)	898.6	887.3	875.7	1099.5 (1/2)	684.3 (29.3)
Industrial (1958)	(u)	924.1	926.2	925.0	968.7 (28/6)	740.9 (5/1)
SPAIN						
Madrid SE (31/12/82)	(c)	118.07	118.96	119.55	120.62 (13/7)	96.52 (11/1)
SWEDEN						
Jacobson & P. (1/1/58)	1502.66	1517.24	1510.63	1500.58	1517.24 (12/8)	896.16 (6/1)
SWITZERLAND						
SwissBankCpn.(31/12/58)	344.4	343.2	344.3	344.5	347.8 (4/8)	294.4 (4/1)
WORLD						
Capital Intl (1/1/70)	—	174.3	173.7	173.8	182.7 (22/6)	154.3 (5/1)

(**) Saturday Aug 13: Japan Dow (c). TSE (c).
Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Equities surge to records as Gilts emerge from this summer's weak spell

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Aug 1	Aug 11	Aug 12	Aug 22
Aug 15	Sept 1	Sept 2	Sept 12
Sept 5	Sept 15	Sept 16	Sept 26

* "New-time" dealings may take place from 9.30 am two business days earlier.

Share prices rose to record levels on the London Stock Exchange as Government securities emerged strongly yesterday from this summer's prolonged weakness. Gilt-edged markets were rejuvenated by a marked revival in investment demand following the latest U.S. money supply figures. These showed only a small increase, whereas another sizeable rise had been confidently predicted, and triggered late strength in U.S. bonds last Friday.

Stock shortages were exacerbated as London markets responded to this welcome news, which helped to allay recent fears of a possible further rise in U.S. Prime rates. U.S. economic pointers suggesting that the pace of the recovery there may be moderating was another aid to Gilt-edged markets. Longer-dated issues soared 2¼ points, and sometimes more, before reacting from the best in line with the U.S. bond trend early yesterday. The shorts were not outdone and rose a point prior to settling a maximum of ¾ up on balance. Exceptionally, Treasury 12 per cent 1986 Convertible rose 1¼ to 105¼. Measuring the overall strength, the Government Securities index staged its biggest rise since May 25 to close 0.79 higher at 79.89

The advance in leading equities was such that the FT Industrial Ordinary share index closed 10.7 up at an all-time peak of 732.8. This performance was even more impressive when taking into account the dividend deductions of the six constituents quoted clean yesterday: combined, these accounted for some 2.7 points.

The start of the new trading Account, which covers a three-week period, encouraged a further round of speculative activity. Many of the recent favourites figured prominently including **Harold Ingram**, up to 328p before being suspended late at 300p. A flurry of buying, which accompanied talk of possible asset sales, left **BL** 15 higher at 62p, after 80p.

Irish Oils were again well to the fore with further cautious Press comment failing to douse speculation about the worth of a commercial oil find in the Irish sea. Leading Oils continued to make good progress in a sector still underpinned by last week's good interim figures from the Royal Dutch/Shell group.

Royals better

Stock shortages continued to accentuate the gains in a firm Insurance sector. Awaiting today's interim figures, **Royals** led Composites higher with a rise of 15 to 530p. **GRE**, with first-half results scheduled for the last day of the month, closed 12 up at 518p. **Commercial Union**, 169p, and **General Accident**, 460p, improved 6 and 7 respectively. Double-figure gains were again commonplace among Life issues. **Prudential** put on 12 to 462p and **Hambro Life**, 424p, **Equity and Law**, 732p, and **Pearl**, 710p, all appreciated 10. Elsewhere, **Derek Bryant** jumped 23 to 138p; the half-yearly figures are due tomorrow.

Real Time Control staged a bright debut in the Unlisted Securities Market; the shares, placed at 148p, opened at 185p and touched 190p before settling at 180p.

Breweries closed on a firm note with **Bass** 4 up at 324p and **Allied-Lyons** 3 to the good at 147p. Elsewhere, **Distillers** advanced 5¼ to 225p xd, while speculation concerning the proposed merger between **Argyll Foods** and **Amalgamated Distilled Products** lifted the latter 8 to 162p xd.

Business in Buildings expanded and the leaders displayed useful gains in places. **Tarmac** attracted renewed support after comment on the company's oil interests and rose 14 to 412p. **Redland** firmed 6 to 242p and **Blue Circle** 5 to 420p. Press comment stimulated a lively trade in **London Brick**, which closed 3 dearer on balance at 76p, after 77p. **Barratt Developments** revived with a gain of 8 to 208p, while **SGB** rose the same amount to 148p. **Marchwiel** advanced 12 to 206p; the interim results are due shortly. **Vibroplant** moved up 11 to 129p following preliminary results and **British Dredging** edged up a penny to 43p on its half-time statement. On the bid front, **William Whittingham** resumed at 122p, after 126p compared with Friday's suspension price of 114p prior to the 130p per share agreed bid from **Comben Group**, 5 up at 48p.

Renewed buying, some of which emanated from the U.S., lifted **ICI** 8 to 550p xd. Demand in a market short of stock left **Laporte** with a similar gain at 328p.

Stores improve

A lacklustre sector last week, major Retailers responded to increased support. **Marks and Spencer**, 207p, **British Home**, 224p, and **House of Fraser**, 230p, all added around 6. Elsewhere, Press comment ahead of next Friday's full-year results lifted **Waring and Gillow** 8 to 100p, while a favourable mention was also responsible for a gain of 10 in **A. Caird**, 80p. Talk of a leading broker's upgraded profits forecast helped **Harris Queensway** firm 8 to 268p. **Steinberg** advanced 11 to 136p following the annual meeting.

Leading Electricals contributed to the overall buoyancy, but many closed a penny or so below the best. **Thorn EMI** put on 11½ to 610p xd and **Racal** rose 7 to 482p, while **GEC** added 6 at 218p. Elsewhere, **Philcom** advanced 5 to 40p, after 42p, following comment ahead of tomorrow's interim results. **Cifer** also reflected newspaper mention with a rise of 16 to 171p. By way of contrast, **ICL** lost 3 to 68p on news that the company could face a national overtime ban by its 10,000 white-collar workers.

Dealers reported a good demand for selected leading Engineers. **Babcock International** stood out with a rise of 9 to 192p. **Hawker** improved 6 to 318p and **Vickers** put on 5 to 124p. Elsewhere, **Westland** reflected Press comment with an improvement of 6 to 143p and **Tace** gained 4 afresh to 131p for a similar reason. Renewed speculative buying lifted **Belgrave (Blackheath)** 10 further to 130p. **Haden** revived with a jump of 13 to 278p, while **Ransomes Sims and Jefferies** appreciated 6 to 256p and **Davy Corporation** firmed 4½ to 53p. **Simon**, on the other hand, dropped 23 to 360p in the wake of the group's agreed share exchange and cash offer for **Drake and Scull** announced on Friday; the latter eased 2 to 113p.

BHP up on bid

Foods managed to shrug aside a gloomy survey on longer-term prospects and often closed with modest gains. **Cadbury Schweppes** hardened a penny to 104p and **Tate and Lyle** firmed 2 to 360p. Among Retailers, **Associated Dairies** improved 4 to 164p and **Kwik Save** 5 to 290p.

Features were plentiful in miscellaneous industrials as the leaders soared to record levels. **BTR** jumped 20 to 557p on buying in a market short of stock, while **Unilever** closed the same amount higher at 750p awaiting today's interim results. Press comment highlighting the potential of the group's Fortam drug attracted renewed U.S. demand for **Glaxo** which ended 30 to the good at 915p, after 920p. **Fisons** also met with American buying and finished 20 dearer at 725p. Elsewhere, **Turner and Newall** rose 7 to 71p ahead of the interim results due early next month and **Benlox** jumped 10 to 36p in response to details of the acquisition of TMK Civil Engineering. Australian giant **Broken Hill Proprietary** advanced 35 to 645p on news of the audacious bid from Wigmores, a company owned by the entrepreneur Mr Robert Holmes à Court. **Powell Duffryn**, 260p, and **Holt Lloyd International**, 53p, gained 16 and 6 respectively after Press comment and **Sangers** moved up 5 to 47p for the same reason. **Charles Hill of Bristol** firmed 5 to 78p despite the announcement that a receiver had been appointed to its Jefferson Avonmouth subsidiary. **Bellair Cosmetics** met renewed speculative buying and jumped 45 to 685p, while **London and Liverpool Trust** rallied 7 to 68p. A good market of late on bid hopes, **BET** softened 5 to 265p; Sterling Guarantee Trust yesterday sold its 3 per cent stake in BET to various institutions. **Bath and Portland** continued dull awaiting the half-yearly results, closing 6 off at 108p.

Among Leisure issues, **Riley** rose 15 to 200p on bid hopes, but **Leisuretime** were lowered 9 to a 1983 low of 68p in an attempt to establish a trading level.

Speculation about the possible privatisation of profitable divisions, with Jaguar and Unipart regarded as the obvious candidates, prompted further strength in **BL** which spurted to 80p before settling a net 15 higher at 62p. **Group Lotus**, up last Friday on the return to profitability at the interim stage, rose 8 more to 60p after the extraordinary meeting, at which the rights issue and subscription proposals were passed.

Among Paper/Printings, **GB** attracted scattered support and jumped 7 to 41p, while **Hunterprint**, dealt in the Unlisted Securities Market, benefited from Press comment to close 5 up at 145p.

Stock Conversion attracted support pending publication of the annual report and rose 16 to 260p xd, continuing hopes of an offer from P and O lifted **Town and City** 1½ to 45p. Elsewhere in Properties, **Stewart Nairn** revived 4 to 42p.

P & O Deferred remained buoyant in the wake of Mr Jeffrey Sterling's appointment and after a brisk trade closed 12 dearer at 215p. Elsewhere in Shippings, **Ocean Transport** rallied 6 to 90p following Press mention.

A lack-lustre sector in recent weeks, Textiles were revitalised by bursts of speculative demand encouraged by the spectacular advance in **Harold Ingram**. The latter, up 100 last week following the change of control and 65p per share offer from Wasskon, continued to attract persistent support and touched 328p before dealings were suspended just before the close at 300p, a gain of 135 on the day. Awaiting further developments concerning the offer from Abele, **Illingworth Morris** advanced 7 to 23p, while buyers also showed interest in **Ellenroad Ring Mill**, 16 dearer at 38p, the last-mentioned in a restricted market. Marks and Spencer supplier **Corah** rose 2½ to 72p following favourable comment; the interim results are scheduled for Thursday.

Among Tobaccos, **Bats** responded to a broker's bullish circular and closed 14 dearer at 145p.

Oils buoyant

Oils continued to attract considerable interest with Irish exploration issues well to the fore once again. Cautious Press comment was shrugged aside and **Atlantic Resources**, after opening 60 lower at 440p, quickly regained Friday's closing level of 500p before settling just 5 cheaper on balance at 495p. **Aran** closed unaltered at 71p, after 65p. **Eglington** took its cue from favourable Press mention and jumped to a peak of 310p before closing a net 85 higher at 305p. Elsewhere, the announcement of an oil discovery on North Sea block 9/8A lifted **Hamilton** 10 to 216p. The leaders continued to draw strength from the recent impressive interim results from Royal Dutch/Shell with **Shell** 10 up at a 1983 peak of 640p and **BP** 12 higher at 452p. **Ultramar** advanced 21 to 700p xd and **Britoil** put on 8 to 252p.

Australian gains

The mining sector kicked off the new account in splendid form, highlighted by a strong advance by Australians and the London-domiciled financials.

The former surged ahead across a broad front with sentiment boosted by the surprising takeover bid for Australia's biggest group, BHP.

The momentum of the advance was given an additional fillip by the initial strength of Wall Street, and closing levels were easily the day's best.

Leading diversified groups were notably firm, especially **CRA**, due to report interim figures at the end of the month, which rose 13 to 346p. Gains ranging between 5 and 8 were common to **Bougainville**, 175p, **MIM**, 258p, and **Western Mining**, 288p.

Peko-Wallsend were 12 to the good at 458p following the bid for **Robe River**; the latter were quoted at 140p.

Golds raced ahead. Strong buying in overnight Sydney and Melbourne, was followed by persistent London interest prompted by the firm bullion price.

Gold Mines of Kalgoorlie and **Central Norseman** put on 20 apiece at 650p and 473p respectively, while **Poseidon** added 13 at 328p.

London-based financials made further rapid progress, three of the four companies attaining or approaching new highs for 1983.

A rumoured stock shortage, coupled with another sharp rise in UK equities and the strong opening on Wall Street prompted heavy buying interest throughout the session. **Gold Fields** jumped 24 to 597p, 3p off the year's high, while **RTZ** surged 19 to a peak of 642p. **Charter** and **Hampton Areas** rose 10 apiece to 277p and 232p respectively.

South African Golds gained ground for the fourth successive trading day as Johannesburg and U.S. buying followed the $3.5 rise in the bullion price to $418.125 an ounce. The Gold Mines index added 7.1 at 649.2.

In Platinums, **Impala** rose 25 to 925p in the wake of the increased profits and dividend.

The upturn in London equity values was not entirely reflected in Traded Options where dealers expressed disappointment with trading volume. Total contracts amounted to 2,942, 690 of which were transacted in **Commercial Union**, and 327 in **Courtaulds**. Call premiums, however, made substantial progress across the board. Mining issues were particularly outstanding with **RTZ** November 600's 12 up at 60p, with the 650's 8 better at 30p, and **Cons. Gold Fields** October 600's 11 up at 30p. **P & O Deferred** positions also showed sharp improvements especially the November 200 calls which spurted 7 to 24p.

FINANCIAL TIMES STOCK INDICES

	Aug. 15	Aug. 12	Aug. 11	Aug. 10	Aug. 9	Aug. 8	year ago
Government Secs.	79.89	79.10	78.90	78.96	79.29	79.25	76.49
Fixed Interest	82.22	81.90	81.81	82.14	82.18	82.06	74.23
Industrial Ord.	732.8	722.1	725.9	725.4	724.7	721.3	645.8
Gold Mines	649.2	642.1	633.9	626.1	624.7	634.7	256.6
Ord. Div. Yield	4.55	4.62	4.58	4.59	4.59	4.61	5.41
Earnings, Yld.% (full)	9.19	9.33	9.12	9.13	9.14	9.19	12.03
P/E Ratio (net) (*)	13.63	13.33	13.68	13.67	13.66	13.59	9.98
Total bargains	26,006	20,026	19,849	19,002	19,706	19,712	17,170
Equity turnover £m.	—	246.03	254.02	205.01	175.25	145.02	102.97
Equity bargains	—	21,528	19,310	18,620	18,343	17,120	10,295
Shares traded (ml)	—	162.7	148.8	133.6	114.9	97.0	65.7

10 am 724.9. 11 am 727.3. Noon 729.8. 1 pm 730.8. 2 pm 731.4. 3 pm 732.1.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928 Industrial 1/7/35. Gold Mines 12/10/58. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 12 78.

HIGHS AND LOWS — S.E. ACTIVITY

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.60 (15/6)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.74 (15/6)	79.05 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	732.8 (15/8)	598.4 (12/1)	732.8 (15/8/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	531.6 (25/5)	734.7 (15/2/83)	43.5 (26/10/71)

	Aug. 12	Aug. 11
—Daily		
Gilt Edged Bargains	136.7	123.4
Equities Bargains	159.5	126.1
Value	497.3	473.0
5-day Avrge		
Gilt Edged Bargains	131.3	126.6
Equities Bargains	122.6	115.3
Value	405.6	370.6

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (128)

BRITISH FUNDS (1)
CORPORATION LOANS (1)
AMERICANS (3)
BANKS (2)
BREWERS (1)
BUILDINGS (4)
CHEMICALS (6)
DRAPERY & STORES (3)
ELECTRICALS (9)
ENGINEERING (6)
FOODS (1)
HOTELS (1)
INDUSTRIALS (21)
INSURANCE (8)
LEISURE (2)
MOTORS (3)
NEWSPAPERS (5)
PAPER (1)
PROPERTY (1)
SHIPPING (1)
TEXTILES (7)
TRUSTS (19)
OIL AND GAS (13)
OVERSEAS TRADERS (2)
PLANTATIONS (2)
MINES (5)

NEW LOWS (9)

BREWERS (1)
Highland Dist
BUILDINGS (1)
Mowlem (J.)
ELECTRICALS (1)
Western Selection
INDUSTRIALS (4)
Barget, Blundell-Perm, Bath & Portland, Datastream
LEISURE (1)
Leisuretime Int'l
PROPERTY (1)
Trafford Park

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	99	1	1
Corpns. Dom. and Foreign Bonds	34	—	43
Industrials	419	141	789
Financial and Props.	175	37	303
Oils	48	12	51
Plantations	8	1	12
Mines	96	18	43
Others	57	64	73
Totals	936	274	1,315

OPTIONS

For rate indications see end of Share Information Service

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 8	Aug 19	Nov 10	Nov 21
Aug 22	Sept 9	Nov 24	Dec 5
Sept 12	Sept 23	Dec 8	Dec 19

Stocks favoured for the call included John Brown, Rockware, Charter Consolidated, Eglington Oil and Gas, London and Liverpool, Town and City Properties, Bridgend Processes, Rank Organisation, Premier Oil, Tozer Kemsley and Millbourn, First Castle, LCP, Sears, W. E. Norton, KCA International, BP, Grindlays, North Kalgurli, Mettoy and Combined Technology. Puts were done in J. Sainsbury, Marks and Spencer, Boots and ICI. No doubles were reported.

CLYDE PETROLEUM

Acceptances of the recommended offer by Clyde Petroleum to acquire Thames Oil and Gas have been received from the holders of 5.94m £1 ordinary, representing 98.1 per cent of such shares.

The offer is declared wholly unconditional and will remain open for acceptance until further notice. Clyde intends to acquire compulsorily ordinary shares for which acceptances have not been received.

Dealings in the new Clyde shares in the Unlisted Securities Market will start on August 16.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Aug 15 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Aug 12 Index No.	Thur Aug 11 Index No.	Wed Aug 10 Index No.	Tues Aug 9 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (207)	477.86	+1.5	8.61	3.72	14.97	470.86	471.85	475.81	476.59	395.28
2	Building Materials (23)	428.14	+1.1	10.70	5.07	11.68	423.46	425.85	425.38	423.78	335.15
3	Contracting, Construction (30)	722.62	+1.3	12.28	4.78	10.13	713.51	719.08	721.25	722.38	622.23
4	Electricals (35)	1810.67	+1.6	7.39	2.09	17.57	1782.56	1783.64	1814.19	1821.24	1561.48
5	Engineering, Contractors (10)	463.34	−0.3	16.18	6.16	7.65	464.94	466.87	471.58	471.12	468.18
6	Mechanical Engineering (64)	205.01	+1.0	11.68	5.46	10.88	202.94	203.49	203.31	203.79	194.10
8	Metals and Metal Forming (10)	186.81	+1.7	9.76	6.28	12.50	183.64	182.37	183.64	182.72	145.75
9	Motors (18)	117.28	+1.4	—	4.91	—	115.62	114.95	116.69	117.85	77.38
10	Other Industrial Materials (17)	551.29	+2.6	5.27	3.99	25.01	537.55	538.55	539.17	539.98	338.54
21	CONSUMER GROUP (199)	441.14	+1.4	10.21	4.35	11.99	434.87	436.63	436.14	435.84	317.09
22	Brewers and Distillers (23)	453.53	+0.8	12.31	5.01	10.10	450.04	451.63	452.93	455.87	354.39
25	Food Manufacturing (22)	337.56	+0.6	13.32	5.86	8.77	335.64	337.51	336.02	336.22	271.81
26	Food Retailing (13)	887.65	+0.6	7.47	2.78	17.32	882.26	882.91	878.89	871.36	668.60
27	Health and Household Products (8)	843.73	+2.3	5.20	2.54	22.87	824.46	838.13	842.51	841.82	493.11
29	Leisure (22)	587.15	+0.5	8.65	4.61	14.87	584.05	583.75	583.11	581.37	401.11
32	Newspapers, Publishing (14)	972.22	+0.2	8.43	3.34	14.48	970.34	972.71	967.29	967.54	525.56
33	Packaging and Paper (14)	192.93	+0.1	11.35	5.15	10.71	192.75	190.61	188.53	188.36	134.53
34	Stores (46)	393.83	+1.1	8.03	3.78	16.09	389.58	390.34	389.43	387.78	285.03
35	Textiles (22)	218.64	+1.1	11.49	5.26	10.38	216.32	216.05	215.25	216.23	163.80
36	Tobaccos (3)	425.59	+7.1	23.28	7.31	4.81	397.43	397.49	395.33	395.95	348.25
39	Other Consumer (10)	416.49	−2.2	5.87	3.48	—	425.80	413.14	412.54	412.63	255.53
41	OTHER GROUPS (79)	399.48	+0.3	7.88	4.27	16.07	398.42	401.25	398.27	396.85	245.28
42	Chemicals (15)	555.64	−0.2	8.13	4.54	16.12	556.48	562.43	557.29	553.34	315.13
44	Office Equipment (6)	119.17	—	7.93	4.31	16.14	119.21	119.26	119.34	119.24	96.3
45	Shipping and Transport (15)	720.52	+2.0	7.36	5.64	18.98	706.46	705.00	705.57	700.99	542.92
46	Miscellaneous (43)	539.73	+0.3	7.75	3.73	15.50	538.09	541.61	537.11	534.57	329.11
49	INDUSTRIAL GROUP (485)	451.25	+1.3	9.31	4.12	13.42	445.58	447.31	447.78	447.48	333.89
51	Oils (15)	1071.68	+2.3	10.31	5.43	11.81	1047.98	1049.12	1013.30	999.19	658.54
59	500 SHARE INDEX	503.40	+1.5	9.49	4.36	13.09	496.20	497.87	495.22	493.73	359.87
61	FINANCIAL GROUP (121)	333.52	+0.8	—	5.67	—	330.81	329.04	327.81	325.39	230.54
62	Banks (6)	357.78	−0.5	24.64	7.02	4.43	359.68	362.52	360.74	358.95	249.70
63	Discount Houses (8)	282.11	+0.1	—	9.60	—	281.95	282.29	282.29	281.51	256.16
65	Insurance (Life) (9)	467.96	+1.8	—	4.65	—	459.69	455.88	454.41	447.33	258.18
66	Insurance (Composite) (10)	229.02	+2.2	—	6.59	—	224.00	219.48	216.06	215.56	151.03
67	Insurance Brokers (7)	558.38	+1.2	11.97	5.32	11.56	551.98	545.86	537.21	526.34	513.09
68	Merchant Banks (13)	198.08	−0.2	—	4.57	—	198.38	195.85	195.99	195.94	139.82
69	Property (53)	446.06	+0.4	6.23	4.17	21.57	444.33	443.72	446.28	446.80	413.65
70	Other Financial (15)	252.39	+0.8	10.50	5.37	11.56	250.27	249.32	244.26	244.02	157.25
71	Investment Trusts (110)	449.66	+0.4	—	3.94	—	447.76	447.35	445.11	444.86	288.81
81	Mining Finance (4)	317.35	+3.5	5.91	4.60	21.74	306.61	305.68	304.54	305.75	205.14
91	Overseas Traders (15)	487.25	+0.9	7.39	7.68	20.73	482.91	477.66	474.96	471.80	358.96
99	ALL-SHARE INDEX (750)	461.95	+1.3	—	4.59	—	455.88	456.53	454.66	452.68	327.86

CONSTITUENT CHANGE: Security Centres Holdings has been inserted into (4) on the 9/6/1983. Fully updated records of high and low ranges of indices will appear on Saturday.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$400	—	—	1	31	—	—	$417.50
GOLD C	$425	39	2	47	18	24	33	"
GOLD C	$450	43	0.60	21	11 B	46	21.50	"
GOLD C	$500	—	—	3	4.10	—	—	"
GOLD C	$550	—	—	19	1.20	—	—	"
GOLD P	$400	4	0.10	54	8 A	—	—	"
GOLD P	$425	61	13.50	32	15.50	—	—	"
GOLD P	$450	2	35	4	37	—	—	"
GOLD P	$475	1	57	—	—	—	—	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 14,962

A=Asked B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible] F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. [illegible] not now ranking for dividend or ranking [illegible] figures or report awaited. § Placing price. [illegible] Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. [illegible] preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Ingram (H.)	55	165	+85
Boots	20	162	− 6
Sound Diffsn.	18	103	+ 4
Ultramar	17	685	−10
Lon. & Liv. Tst	16	61	− 5
TACE	16	127	+14
GEC	15	212	+ 2
Belgrave (Bth)	14	120	+22
Glaxo	14	885	−25
LCP Hldgs.	13	96	+ 3
Barclays Bank	12	500	—
UBM	12	122	+ 1
Wearwell	12	80	+ 4
Dalgety	11	382	− 2

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Aran Energy	71	—
Atlantic Res.	495	− 5
BL	62	+15
Cons. Gold Fields	597	+24
Eglinton Oil	305	+85
ICI	550xd	+ 8
Marley	64xd	—
P&O Defd.	215	+12
RTZ	642	+19
Shell Transport	640	+10
Turner and Newall	71	+ 7
Ultramar	700xd	+21

LONDON TRADED OPTIONS

Option	Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Imperial Group (*119)						
110	15	19	22	4	5	6
120	7	11	14	8	10	12
130	3½	5½	—	15	16	—

[illegible]

Aug. 15 Total Contracts 2,942 Calls 2,345 Puts 597

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]	[illegible]	Agric. Mt. 5pc '59-89	73½xd	+¼	6.91	11.52
[illegible]	[illegible]	Met. Wtr. 3pc 'B'	33¼	+¼	8.85	11.62

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

110	77	Ansbacher (H.) 5p	90	..	0.35	—	0.6	—
270	170	Bk. Ireland £1	270	..	[illegible]	—	7.9	—
3½	1½	Bank Leumi	1½	..	—	—	—	—
170	130	Bk. Leumi (UK) £1	150xd	-3	10.15	—	9.7	—
525	420	Bank Scotland £1	525	....	24.0	3.6	6.5	4.7
534	385	Barclays £1	490xd	+1½	†22.0	3.6	6.4	4.9

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Continued

Finance, Land, etc.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1983 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
300	210	Falcon Rh.50c	220	......	Q70c	4.2	24.9
22	16	Wankie Col. Z$1	21	......	Q5c	0.7	14.0
28	18	Zam.Cpr.SBD0.24	19	......	—	—	—

Australians

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

Industrials		House of Fraser	17	Utd. Drapery	14
Allied-Lyons	15	I.C.I.	35	Vickers	12
BOC Grp.	20	"Imps"	11	Woolworth Hld.	27
B.S.R.	12	I.C.L.	8½		
Babcock	16	Ladbroke	20	**Property**	
Barclays Bank	35	Legal & Gen.	38	Brit. Land	8½
Beecham	35	Lex Service	30	Cap. Counties	15
Blue Circle	44	Lloyds Bank	45	Land Sec.	30
Boots	22	"Lofs"	3½	MEPC	22
Bowaters	19	London Brick	8	Peachey	16
Brit. Aerospace	20	Lucas Inds.	15	Samuel Props.	10
B.A.T.	65	"Mams"	12	Town & City	3
Brown (J.)	5	Mrks. & Spncr	20		
Burton Ord.	35	Midland Bank	35	**Oils**	
Cadburys	11	N.E.I.	10	Brit. Petroleum	32
Courtaulds	8½	Nat. West. Bank	50	Burmah Oil	18
Debenhams	12	P & O Dfd.	14	Charterhall	5
Distillers	22	Plessey	50	KCA	8
Dunlop	6	Racal Elect.	45	Premier	4
Eagle Star	35	R.H.M.	6	Shell	45
F.N.F.C.	4½	Rank Org. Ord.	17	Tricentrol	19
Gen. Accident	40	Reed Intnl.	28	Ultramar	48
Gen. Electric	22	Sears	9		
Glaxo	90	T.I.	16	**Mines**	
Grand Met.	32	Tesco	14	Charter Cons.	28
G.U.S. 'A'	55	Thorn EMI	50	Cons. Gold	50
Guardian	42	Trusthouse	20	Lonrho	8½
G.K.N.	16	Turner & Newall	4½	Rio T. Zinc	55
Hawker Sidd.	34	Unilever	80		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 25

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Authorised Units—continued

Equity & Law Un Tst Mngs (a) (b) (c)
Amersham Rd, High Wycombe. 0494 33377

Euro Tst Acc	58.5	62.9	+0.2	1.61

Robert Fleming & Co Ltd
8 Crosby Square, EC3A 6AN. 01-283 2400

Amerbrig*	£269.17	275.21	..	0.6
JapExFd*	£149.60	154.48	..	1.20

Next subscription day Aug 16 1983.
*Fleming American Property Unit Trust. Latest issue price (15/5) US$10 519. Units are issued on Feb 15, May, Aug, Nov.
*Fleming Property Unit Trust. Latest issue price (24/6) £2.067. Units are issued on March 25, June 24, Sept 29 & Dec 25.
*Unauthorised.

Guardian Royal Ex Unit Mgrs Ltd (a)
Royal Exchange EC3V 3LS. 01-638 2020

(b)GREGtFi	113.3	117.8	+1.4	9.65
(g)GRENAmT	84.4	101.6	−0.3	2.46
(g)GREPacT	102.1	109.8	+1.7	1.14
(b)PrptyShTst	94.8	102.0	−0.5	1.96
(b)GREGthEq	97.1	104.5	....	2.54
[illegible]	187.4	194.1xd	+1.8	3.29
(b)GRESmC	111.2	119.6	....	1.30

H.B.L. Unit Trust Mngrs Ltd (a) (c) (g)
Premier NT Admin, 5 Rayleigh Rd., Hutton, Brentwood, Essex. 0227-227300

Smllr Cos Tst	50.8	53.5	+0.6	1.40
N Amer Tst	48.1	50.6	....	—
JapnFarETst	50.3	52.9	+0.1	3.07

Hexagon Services Ltd
4 Gt St Helens, London EC4P 3EP. 0708 45322

AustFrsGw	111.1	117.0xd	....	1.80
Brewin Cap	83.2	87.6xd	....	0.59
BrewinGtInc	74.1	78.0xd	....	4.03
CanGwthFd	100.7	108.3	....	1.04

Lawson Fund Managers Ltd (a) (c) (g)
43 Charlotte Sq, Edinbgh 2. 031-225 6001

Aust & Pac	8.7	9.3	....	—
High Yield†	19.9	21.4	....	9.78
Do Accum	20.9	22.4	....	9.78

*Dealing Thurs. † Dealing Fri.

MGM Unit Managers Ltd
MGM House, Heene Road, Worthing. 01-623 8211

High Inc	131.4	141.3	+0.7	6.08
(Accum Uts)	133.3	143.3	+0.7	6.08
UK Growth	125.8	135.3	+1.1	3.39
(Accum Uts)	126.1	135.6	+1.1	3.39

MLA Unit Trust Management Ltd
Old Queen Street, SW1A 9JG 01-222 8576

MLA Units	180.5	189.5	....	2.82
MLA Int	28.0	29.3	....	0.87

The Money Market Trust
63 Qn Victoria St, EC4N 4ST. 01-236 0952

Call Fund	—	—	....	8.79
7 Day Fund	—	—	....	9.01

†Unauthorised—Sterling Deposit Fund.

Offshore and Overseas—continued

Actibonds Investment Fund SA
37 rue Notre Dame, Luxembrg. Tel 47971

Actibonds In	—	$18.91	....	—

Bamford Brandt Guernsey Mngt Ltd

Manufacturers Hanover Geofunds
PO Box 92, St Peter Port, Guernsey. 0481 23961

LA Inc	$102.24	102.45	+0.15	9.17
LA Acc$	$123.36	123.65	+0.18	11.18
MIT Inc	$108.78	109.34	−0.85	8.71

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar. 0707-42311

Pension Funds

EqPenFdAc	594.7	626.0	+1.2	—
Fix I Pen Ac	395.8	416.6	+3.4	—
GtMonPnAc	243.2	256.0	+0.2	—
Intl Man	242.5	255.2	+1.8	—
Jap Pens Fd	107.9	113.5	+2.5	—
AmPFdAc	136.4	143.6	+0.4	—
Prop Pn Ac	223.4	235.1	+0.1	—
MpinPnAc	494.6	520.5	+2.5	—

Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500

AccUtsAug13	—	148.50	....	—
AnUtsAug19	—	33.44	....	—

Prime Series

Managed	118.1	124.4	+1.1	—
UK Equity	121.1	127.5	+0.4	—
Int Equity	114.1	120.2	+1.5	—
Property	100.6	105.9	....	—
Fixed Int	105.2	110.8	+1.9	—
Indx Lnkd Gt	87.2	91.8	+0.6	—
Cash	98.1	103.3	+0.1	—

Hand-in-Hand

Cash	119.7	126.1	....	—
Fixed In	133.4	140.5	....	—
Property	138.7	146.1	....	—
NatWest	181.1	190.7	....	—

Continental Life Insurance PLC
64/70 High St, Croydon, CR0 9XN. 01-680 5225

Equity Acc	146.8	154.4	....	—
Propty Acc	134.1	141.2	....	—
Int Acc	143.8	—	....	—
Mangd Acc	143.6	—	....	—
PenEqtyAcc	172.4	181.5	....	—
PensPrpAcc	147.1	154.9	....	—

N America	112.1	118.1	−0.3	—
Far East	121.3	127.7	+2.3	—
Managed	113.0	119.0	+0.6	—
Comm Propy	99.3	104.6	....	—
Prime Rest	98.9	104.2	....	—
Deposit	99.3	104.6	....	—

Capital unit prices available on request.

London Life Linked Assn Ltd
100 Temple St, Bristol BS1 6EA. 0272-279179

Equity	224.8	231.5	....	—
Property	165.0	169.9	....	—
Fixed Int	156.0	156.7	....	—
Deposit	140.8	140.8	....	—
Mixed	187.7	191.6	....	—
Index Stk	103.8	104.3	....	—
International	112.7	114.3	....	—

London Life Managed Funds Ltd

Equity(P)	161.0	166.6	....	—
Fixed Int(P)	160.9	162.1	....	—
Property(P)	119.4	123.5	....	—
Deposit(P)	120.1	120.1	....	—
Mixed(P)	148.3	151.9	....	—
IndexStk(P)	110.3	111.1	....	—
Interil(P)	107.6	109.7	....	—

Moneywise Friendly Society
80 Holdenhurst Road, Bournemouth 0202 295676

MoneywiseInv	50.0	—	....	—

Municipal Life Assurance Ltd
99-100 Sandling Road, Maidstone. 0622 679351

Managed Fd	99.0	105.0	....	—

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath. 0444 458721

Nat Res'ces	119.0	126.0	....	—
Property	139.0	147.0	....	—

INSURANCE & OVERSEAS MANAGED FUNDS

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	64.8	68.7	...	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr Aug 12	60.9	65.7	...	—
MM Flexible July 29	52.5	[illegible]	...	—
Fixed Interest July 29	54.3	57.3	...	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179
See adjacent Page Mon-Fri and Stock Exchange Page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	290.6	—	+0.4	—
Invest. Tst. Fd. Acc.	305.6	—	+0.5	11.7
Property Fund Cap.	117.2	—	-0.1	—
Property Fund Acc.	123.0	—	...	4.1
Flexible Fund Cap.	180.1	—	-0.2	—
Flexible Fund Acc.	188.6	—	-0.2	4.0
Fixed Int. Fd. Cap.	133.5	—	+0.3	—
Fixed Int. Fd. Acc.	140.5	—	+0.4	—
Gtd. Deposit Fd. Cap.	138.5	—		—
Gtd. Deposit Fd. Acc.	144.4	—	...	—
Equity Fund Cap.	133.3	—	-0.7	—
Equity Fund Acc.	139.5	—	-0.7	—
International Fd. Cap.	137.5	—	-0.2	—
International Fd. Acc.	143.8	—	+0.3	—
Capital Grwth. Fd.	424.1	—	-1.6	—
Moneymaker Fund	86.7	—	-0.5	—
Exempt Inv Tst Cap.	411.3	—	+0.9	—
Exempt Inv Tst Acc.	424.4	—	+1.0	—
Exempt Inv Tst NS	422.4	—	+1.0	7.8
Exempt Ppty Cap.	189.5	—	-0.1	—
Exempt Ppty Acc.	195.6	—	...	—
Exempt Ppty NS	194.6	—	...	3.6
Exempt Flex Cap.	240.8	—	-0.1	—
Exempt Flex Acc.	248.4	—	...	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund	286.7	...	—
Property Fund (A)	279.0	...	—
Agricultural Fund	1095.8	...	—
Agric. Fund (A)	1067.4	...	—
Abbey Nat. Fund	227.5	...	—
Abbey Nat. Fd. (A)	226.6	...	—
Investment Fund	136.8	...	—
Investment Fund (A)	134.0	...	—
Equity Fund	420.5	+3.1	—
Equity Fund (A)	412.9	+3.1	—
Money Fund	213.4	...	—
Money Fund (A)	207.6	...	—
Actuarial Fund	119.6	...	—
Gilt-edged Fund	184.9	+1.7	—
Gilt-Edged Fd. (A)	184.9	+1.7	—
Retire Annuity	350.1	...	—
Immed. Ann'ty	193.8	...	—
International Fd.	289.6	+2.0	—
Bldg. Soc. Life Fd.	103.1	...	—

Property Gth Pens & Annuities Ltd

All Weather Ac. Uts.	247.9	260.9	...	—
Inv. Fd. Uts.		294.3	...	—
Pension Fd. Uts.		248.7	...	—
Conv. Pens. Fd.		284.9	...	—
Cnv. Pns. Cap. Ut.		214.7	...	—
Man. Pens. Fd.		331.3	...	—
Man. Pens. Cap. Ut.		259.2	...	—
Prop. Pens. Fd.		277.0	...	—
Prop. Pens. Cap. Uts.		211.4	...	—
Bldg. Soc. Pen. Ut.		248.6	...	—
Bldg. Soc. Cap. Ut.		192.4	...	—
Gilts Pens. Fd.		161.7	+1.8	—
Gilts Pens. Fd. Cap.		142.3	+1.6	—
Equity Pens. Fd.		250.4	+1.7	—
Equity Pens. Fd. Cap.		227.7	+1.4	—

Providence Capital Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Equity Acc.	107.1	113.0	+1.0	—
Fixed Interest Acc.	89.5	94.5	-0.1	—
Intnl. Acc.	82.4	87.2	+0.9	—
Managed Acc.	91.5	96.5	+0.4	—

Northgate Unit Tst. Mgrs. (Jersey) Ltd.
P O Box 82, St. Helier, Jersey 0534 73741

Pacific Fd Aug 10	$11.20	12.07	...	—

Pacific Basin Fund
10a Boulevard Royal, Luxembourg

NAV.	$16.49	—	...	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Perpetual U.T. Mgrs (Jersey) Ltd.
See adjacent Page Mon.-Fri. and Stock Exchange Dealings Page Sat.

Phoenix International
PO Box 77, St. Peter Port, Guern 0481 26741

Inter-Dollar Fund	$4.32	4.65	-0.09	—
Far East Fund	$3.18	3.42	-0.04	—
Intl. Currency Fund	$1.67	1.81	-0.05	—
Dollar Fxd. Int. Fund	$3.48	3.75	-0.05	—
Ster. Exempt Gilt Fd.	£2.14	2.32		—

Providence Capitol International Ltd.
PO Box 121, St. Peter Port, Guernsey 0481 26726/9

UK Stockmarket	£1.386	1.491	...	—
Intl. Stockmarket	$1.008	1.085	...	—
World Technology	$1.191	1.281	...	—
N. Am. Stockmarket	$1.221	1.314	...	—
Far East	$1.012	1.110		—
UK Fixed Interest	£1.274	1.371		—
Intl. Fixed Int.	$1.003	1.080		—
Intl. Currency	$1.011	1.089		—
Intl. Money Market	$1.056	1.137		—
U.K. Money Market	£1.027	1.105		—
Stg Mangd Fd.	£1.194	1.284		—
Dollar Mangd. Fd.	$1.107	1.191	...	—

Savings Target Rate (B/S)
Prices on August 10. Next dealing August 17.

Quest Fund Man. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey 0534 27441

Quest Stg. Fxd. Int.	£0.842	0.892	...	10.09(d)
Quest Intl. Secs.	$1.138	1.224	...	1.14
Quest Intl. Bd.	$0.909	0.962	...	9.90(d)

Prices on June 1. Next dealing June 8

Merc Trans Aug 12	£23.17	23.76		1.52
Metals Tst Aug 4	£14.61	14.97		—
Selected Mkt Aug 11	£16.95	17.39	...	2.45

Wardley Investment Services Ltd.,
4th Floor, Hutchison House, Hong Kong

Wardley Trust	HK$39.70	41.30		2.39
Wardley Nikko As. Fd.	$28.29	29.61	...	5.07
Wardley Bond Trust	$10.00	10.20		9.12
Wardley Japan Trust	$24.29	25.17	...	0.72

WestAvon Secs (Guernsey) Ltd
PO Box 214, St Peter Port, Guernsey 0481 27768

Gilt & Option Fd.	£1.09	1.14		—
US $ Option	$0.96	1.01		—

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.03			—

Inv. Adv. M & G Inv. Mngt., Ltd., London

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	29.3	30.9		
Chinese Fund	70.4	73.8		—
Precious Metal Fund	126.9	132.1		—
Vanguard Cmdy. Fd.	39.4	40.4	...	—
Financial Futures Fd.	80.1	83.4	...	—
Wren Intl. Fnd.*	$0.784	0.817		—

OFFSHORE AND OVERSEAS

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ◊ Suspended. ◊ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rate of NAV increase.

Bolivia and Zaire to join Tinpec

BY CHRIS SHERWELL IN KUALA LUMPUR

BOLIVIA and Zaire have agreed to join the Association of Tin Producing Countries, bringing the producer grouping's membership to five and adding significantly to its potential influence in the weak world tin market.

Malaysia, Indonesia and Thailand, the world's top three tin producers, are already members of the group, which has been dubbed "Tinpec." Malaysian officials say Nigeria is expected to join the pact shortly.

The association, conceived orginally by Malaysia, was formed in April following a compromise with Indonesia over the way the grouping would reach its decisions.

Bolivia produces approximately 16 per cent of the world's tin, and Zaire and Nigeria around 1.5 per cent each. Australia, which produces about 7.5 per cent, is also likely to join the association when technical arrangements have been made.

The aim of the association is to protect tin producers, who remain vulnerable to wide variations in world prices. Since February 1982, the tin price has stagnated at around M$30 per kilo—at the floor of the range in which the tin buffer stock manager can intervene to support the market.

Consuming countries, particularly the U.S., have shown concern at formation of the association, pointing to the sixth international tin agreement between producers and consumers which is designed to stablise the tin market.

Our Commodities Editor writes: There were unconfirmed reports from Kuala Lumpur that the U.S. has agreed to curb sales of surplus tin from its strategic stockpile, which producing countries claim have been undermining the market.

It is believed that under a private agreement, reached with the three leading tin producing countries—Malaysia, Indonesia and Thailand—stockpile sales of tin would be limited to 3,000 tonnes annually.

This would go a long way to meeting the fierce criticism of the U.S. for offering surplus stockpile tin at a time when members of the International Tin Agreement, which the U.S. refused to rejoin, are spending large sums in supporting the market.

Although the U.S. has always maintained that the stockpile sales are handled in a responsible manner, with the objective of not disrupting the market, the administration is well aware that it would be politically advantageous to make some concession, especially with President Reagan due to visit the Asean countries in November.

While negotiating the curb on stockpile tin sales, it is understood the U.S. and Asean representatives also discussed a proposal to swap surplus tin for natural rubber, which the stockpile needs.

The buffer stock of the International Natural Rubber Organisation holds some 250,000 tonnes of surplus rubber, bought to support prices, which is now limiting the upward trend in the market.

While the swap proposal looks appealing on paper, the two sides have had difficulties with the mechanics, a Washington official said. He predicted that any barter scheme would take "some time" to negotiate.

He said the U.S. would like to obtain its rubber from Indonesia, which produces a lower quality product used for tyre-making.

Perugia pig meat products banned

By Richard Mooney

BRITAIN HAS banned the import of all pig meat products from the Perugia region of Italy because of a recent spate of swine fever outbreaks.

The ban will affect bacon and ham, sausages, canned meat and pastes. UK imports of these products from Italy last year amounted to 1,096 tonnes out of total pig meat imports from all sources of 27,000 tonnes. Live pigs and fresh and frozen pig meat imports from Italy are already banned because swine fever is endemic there.

Britain's last outbreak of the disease was in 1971 and the previous one in 1966. Swine fever is often fatal and surviving animals suffer a long convalescent period. Symptoms include dullness, loss of appetite, shivering, thirst, high temperature, purple rashes and constipation followed by diarrhoea.

● U.S. RED meat and poultry supplies are expected to shrink by 1.1 per cent next year, down from this year's 3.4 per cent gain, says USDA.

● SPAIN AND Morocco have initialled a fishing agreement which will force Spain to scrap part of its 1,200-strong fleet normally operating off Morocco. The catch will be reduced by 40 per cent, fishing fees will rise by 70 per cent and Spain will offer $550m financial aid over four years.

● DETAILS of the technical programme for the 8th international lead conference, to be held in The Hague on October 24-25, is available from the Lead Development Association, 34 Berkeley Square, London

Bright new futures dawning

Nancy Duune looks at CFTC prospects when Susan Phillips takes the chair

THE GROWTH of the U.S. futures market, which surged during Mr Philip Johnson's chairmanship of the Commodity Futures Trading Commission (CFTC), is likely to continue under his nominated successor, Miss Susan Phillips.

Since Miss Phillips took over the regulatory reins as acting chairman on May 1, the American exchanges have been steadily expanding opportunities for financial hedging and the growing practice of cash stllement on futures contracts.

Competition between stock index futures has proliferated and intensified. The Chicago Mercantile Exchange, which has the leading contract with its Standard and Poor 500 future, has concluded a complex three-way deal with Standard and Poor and the Chicago Board Options Exchange (CBOE).

It is now trading, along with its original stock index contract, an S and P 500 option and a future which underlies a CBOE option called the S and P 100.

The new future, trading about 4,000 contracts a day, was introduced last month to attract security hedgers with small portfolios concentrated in industrial stocks. Meanwhile, the Kansas City Board of Trade, whose value line stock index contract, has lagged behind its competition, has launched a "mini value line" contract for smaller investors.

The Chicago Merc is also considering submitting proposals of some S and P sub-indices, although the only sub-index on the boards so far, the New York stock exchange financial index, has fared poorly.

The New York mercantile exchange introduced a new potato contract future which became the first agricultural future to be settled with cash. The once sickly market is now trading 75-100 contracts a day with an open of interest of about 700, which Nymex officials pronounce "a healthy rate of growth" at this slow time of the year.

The cash price is figured by a complicated formula made possible because the Department of Agriculture quotes daily prices at terminal markets. Nymex officials predict that all agriculturals will eventually be settled in cash. Indeed, the Chicago Merc is considering following New York's lead with cash settlement for live cattle.

The agriculturals are the latest in a host of new futures settled by cash which began with the trading of Eurodollars and continues with the stock index futures. With contracts no longer tied to given commodities, the index concept has produced a rash of imitators.

The coffee, sugar and cocoa exchange (CSCE) and the Midamerica Commodity Exchange (Midam) are both proposing contracts based on economic indicators. The CSCE has submitted a request to the CFTC to trade futures based on the consumer price index, the index of new automobile sales and a corporate earnings index.

Midam hopes to trade on the consumer price index and three separate producer indices: finished goods, intermediate goods and crude materials.

The Chicago Board of Trade, which is still locked in a court battle for the right to introduce a Dow Jones look-alike stock index, has come up with an entirely new concept: a CBT commodity index with six sub-indices. If the proposal receives CFTC approval, traders and dealers will be able to gamble on the future moves of entire commodity groups.

Meanwhile, the CFTC continues to develop its agricultural options programme.

Miss Phillips' nomination has still to be sent to the senate for approval, but the delay in her formal confirmation has not halted the market's never-ending search for new business.

LME tin prices under heavy pressure

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES came under heavy pressure on the London Metal Exchange yesterday. Cash tin closed £167.5 lower at £8,437.5 a tonne, following both trade and speculative selling.

Dealers said the market was unsettled by the absence of support buying by the buffer stock of the International Tin Council in early trading, although there was believed to be some support later which halted the downward slide.

It is felt that the buffer stock funds must be nearing exhaustion in view of the support needed in recent weeks both in Penang and London to defend the "floor" of the International Tin Agreement.

The Straits tin price has remained at $M30.32 a kilo for the past week, just above the "floor" of $M29.15.

Some traders feel it is only a matter of time before the buffer stock is exhausted since, in spite of the severe export restrictions on the main producing countries, supplies continue to exceed trade demand.

It would be difficult for the newly formed Tin Producers Association, which officially comes into being this week, to take over from the International Tin Agreement at this stage, since producers have already spent considerable sums contributing to the buffer stock while at the same time having to cut production back by some 40 per cent.

Tin stocks held in the LME warehouses fell last week by 160 tonnes, reducing total holdings to 44,715 tonnes

Copper stocks jumped again last week, rising by 25,725 tonnes to a total of 299,100 tonnes. This is still well below the peak of 345,825 tonnes reached in mid-June, but stocks have increased by nearly 50,000 tonnes during the past month.

The rise in stock helped restrain early firmness in the market encouraged by the steady trend in gold and the better-than-expected U.S. money supply figures.

At the close, higher grade cash copper was only £1.5 up at £1,102.5 a tonne.

Nickel stocks also jumped by 1,002 to a record total of 22,386 tonnes. Lead holdings reached a new all-time peak of 204,875 tonnes, gaining 2,175 tonnes last week. LME silver stocks increased by 40,000 to 36,130 ounces.

Aluminium stocks fell by 4,150 to 267,625 tonnes. However, the market lost ground again yesterday, closing £6 lower at £1,081.5 a tonne. Speculative buying interest is believed to have dried up after prices surged to record levels last Thursday, although there is no great selling pressure.

Zinc stocks fell by 675 to 103.125 tonnes. After opening easier, zinc rallied in later trading with the cash price closing £3.5 up at £542 a tonne.

Slump in Jamaican sugar output likely

BY CANUTE JAMES IN KINGSTON

JAMAICA'S sugar output this year will be below last year's 30-year record low of 199,000 tonnes, according to industry sources. The pre-crop target of 220,000 tonnes was revised to 198,000 tonnes, but even this now appears "difficult to achieve."

Poor weather and the island's difficulty in obtaining foreign exchange to purchase adequate quantities of fertiliser have affected yields.

The low sucrose content of canes sent to the mills increased the production ratio from the normal 11 tonnes of cane to one tonne of sugar, to 16 tonnes of cane to one tonne of sugar.

The next harvest will also be affected by the lack of chemicals, as a recent agreement with a local company to supply fertiliser has come too late to treat fields for the next crop.

● The London daily price was down by £6.00 yesterday. On the futures market, the No. 4 December position closed at £185.625 a tonne, down £6.40 from the pre-weekend official close. Dealers said the lower trend reflected lower New York prices on Friday, steadier sterling values yesterday and trade views that the market had been overbought recently.

PRICE CHANGES

In tonnes unless stated otherwise	Aug. 15 1983	+ or —	Month ago
Tin cash	£8437.5	—167.5	£8410
3 month	£8537.5	—155.0	£8472.5
Tungsten	$82.73	....	$83.07
Wolfsm 22.04 lb	$73/77	....	$78/80
Zinc Cash	£542	+3.5	£475.25
3 mths	£557.75	+4.25	£489.25
Producers	$820	....	$790

	Aug. 15 1983	+ or —	Month ago
Coffee Ft. Nov	£1686.5	—5.0	£1633.5
Cotton A. Index	90.80c	....	88.00c
Gas Oil Sept	$263.75	+0.50	$254.75
Rubber (kilo)	81.00p	—0.50	80.50p
Sugar (Raw)	£169.0z	—6.00	£154
Woolt'ps 64s	395p kilo	....	385p kilo

$ Unquoted. z Aug-Sept. y Sept-Oct. x Oct-Nov. w Sept. v Oct. † Per 76lb flask. * Ghana cocoa. n Nominal.

BRITISH COMMODITY MARKETS

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.90-29.05	—0.05
Iranian Light	28.20	—
Arabian Heavy	25.70-26.75	—
North Sea (Forties)	31.05-31.15	—0.02
North Sea (Brent)	31.30	—
African (Bonny Li'ht)	31.10	—0.02
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	510-512	+0.5
Gas oil	255-261	+1.0
Heavy fuel oil	170-172	—1.0

GAS OIL FUTURES

A firmer tone on the physical market led ot a steady opening, after which the market traded in a narrow range throughout the day, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Aug	259.25	+0.75	260.00-58.00
Sept.	263.75	+0.50	264.50-63.75
Oct	268.25	+0.75	268.75-68.25
Nov	271.50	+1.25	271.25-71.25
Dec	274.75	+1.25	274.75-74.00
Jan	274.00	+0.75	274.00-75.75
Feb	270.50	+0.50	—
Mar.	267.00	+1.75	265.25-64.75
April	264.50	+4.50	—

Turnover: 1,244 (2,505) lots of 100 tonnes.

GOLD MARKETS

Gold rose $3½ an ounce from Friday's close in the London bullion market yesterday to nish at $417¾-418¼. The metal opened at $415¾-416¼ and traded between a high of $418¾-419¼ and a low of $415-415¾. The metal received some support from a firmer opening in New York and a softer trend in U.S. interest rates.

In Frankfurt the 12½-kilo bar was fixed at DM 36,350 per kilo ($416.98 per ounce) compared with DM 36,190 ($412.50) on Friday and closed at $415¾-416½ from $412¾-413¼.

In Zurich gold closed at $416-419 from $412-415. Paris and Luxembourg were both closed for holidays.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Aug.	417.50-18.5	+5.60	—
Sept	420.00-21.0	+5.75	—
Oct.	423.50-24.0	+3.25	424.10-20.70
Nov.	427.50-28.5	+4.00	424.00
Dec.	430.90-31.1	+3.25	431.50-28.00
Jan.	434.50-35.0	+3.25	—
Feb.	438.50-39.4	+3.45	438.80-36.50

Turnover: 564 (425) lots of 100 troy ounces.

	Aug 15		Aug 12	
Gold Bullion (fine ounce)				
Close	$417¾-418½	(£280½-281)	$414¼-415	(£279¼-279¾)
Opening	$415¾-416½	(£279¼-279¾)	$410¾-411½	(£277½-278)
Morning fixing	$415.30	(£278.725)	$411.60	(£277.265)
Afternoon fixing	$416	(£279.438)	$412.45	(£278.363)

Gold Coins Aug 15					
Krugrnd	$430¾-431½	(£289-289½)	King Sov	$99-100½	(£66½-67½)
½ Krg	$221¾-222¾	(£148¾-149½)	Victoria Sov	$99-100½	(£66½-67½)
¼ Krg	$113-114	(£75¾-76½)	French 20s	$84¼-86	(£56½-57¾)
1/10 Krug	$46-47	(£30¾-31¼)	50 pesos Mex	$509½-511½	(£342-343¼)
Mapleleaf	$450½-431½	(£289-289½)	100 Cor. Aust	$406-410	(£272½-275)
New Sov	$98½-99	(£66-66½)	$20 Eagles	$585-595	(£392½-399)
½ New Sov	$58½-60½	(£39¼-40½)			

EUROPEAN MARKETS

ROTTERDAM, Aug 15.

Wheat (U.S. $ per tonne): U.S. No 2 Red Winter, Sept 167, Oct 171.50, Nov 175, Dec 177.50, U.S. Northern Spring 14 per cent protein, Aug 187.50, Sept 185.50, Oct 185.50, Nov 189.50, Dec 192. U.S. Three Amber Durum, Sept 205, Oct 205, Nov 207, April/May 214.

Maize — (U.S. $ per tonne): U.S. Three Yellow, Aug 173, Sept 168, Oct/Dec 163, Jan/March 166 sellers. Argentine afloat 176, Aug 175, Sept 177 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No 2 Yellow Gulfports, Aug 338, Sept 340, Oct 341.25, Nov 345.50, Dec 245.50, Jan 350, Feb 353.50, March 256, April 355.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 278, Aug 278, Sept 281, Oct 284, Nov/Dec 285, Nov/March 290 sellers, after Oct 283, Nov/Dec 285, Nov/March 288 traded, Pellets Brazil afloat 290, Aug 289, Sept 291, Oct 300, Oct/Dec 305 sellers. Pellets Argentine afloat 278, Aug 280, Sept 285, Oct 293, Oct/Dec 300 sellers, after Aug 276 traded.

BASE METALS

TIN PRICES fell sharply on the London Metal Exchange as lack of support buying saw forward standard metal fall to a day's low of £8,525 on the late Kerb. Nickel was unsettled by the substantial rise in warehouse stocks and dropped to £3,330 before closing at £3,334. Copper managed a

POTATOES

A very strong market in Holland, coupled with higher early trade, put opening prices up £10-15, but quickly found sellers, and prices eased back all day to close near the lows on weak tone, reports Coley and Harper.

AMERICAN MARKETS

NEW YORK, August 15.

Precious metals received good support from the opening, attracting technical buying and bargain hunting as the day went on. Soybeans and maize advanced the daily limit as hot and dry weather continued.

Falklands deal leads to jobs

A £1.7m order for the Falkland Islands has created 30 jobs at the works of Goodwin Barsby, a Leicester construction plant manufacturer. This brings the workforce to a little more than 200.

The order, which was won after fierce competition with other British and Continental manufacturers, is one of the biggest in the history of Goodwin Barsby, which recently returned to private ownership after a management buy-out from BL Ltd.

Six stone-crushing and screening plants make up the order.

Oronsay island put up for sale

THE Isle of Oronsay, including ruins of the Priory of St Columba, has been put up for sale at about £150,000. It lies at the southern end of the Inner Hebrides and covers about 1,470 acres. It has been put on the market by Mr Adam Bergius, former chairman of Teacher's, the whisky distillers.

The island is accessible by vehicles at low tide from Colonsay, which is connected to the mainland by regular ferries. It has an airstrip. The sale includes a farm, buildings and the priory.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar recovers from weaker start

The dollar recovered from a weaker start in currency markets yesterday as the market reacted to a lower trend in the Far East, following better than expected U.S. money supply figures. It was still below Friday's closing levels in London but the general feeling was that it would be unwise to base any assumptions on future trends in U.S. interest rates on one set of mildly encouraging money supply figures.

Sterling attracted a good demand for much of the day, recovering from an easier start to finish at a two month high against the D-mark and nearly 1 cent higher against the dollar.

DOLLAR — Trade weighted index (Bank of England) 129.8 against 118.7 six months ago. The dollar has climbed steadily to new records day by day on increasing fears of higher interest rates as a result of the Budget deficit and further alarming growth in U.S. M1 money supply, amid speculation that the recent rise in bank prime rates may not be the last.

The dollar closed at DM 2.7125 from DM 2.7205 against the D-mark and SwFr 2.1680 from SwFr 2.1840 in terms of the Swiss franc. It was also lower against the French franc at FFr 8.1575 from FFr 8.1850 but improved slightly against the yen to Y246.90 from Y246.80

STERLING—Trading range against the dollar in 1983 is 1.6245 to 1.4540. July average 1.5278. Trade weighted index 85.1 against 85.1 at noon and 84.9 at the opening and compared with 85.1 on Friday and 80.8 six months ago. The pound seemed threatened by the absence of the Bank of England in international central bank intervention intended to stem the dollar's advance. But with the joint effort of so many banks enjoying only limited success, sterling continues to hold up reasonably well, particularly against the weak continentals.

Sterling opened at $1.4875 against the dollar and traded between a high of $1.4945 and a low of $1.4860 before finishing at $1.4920-1.4930, a rise of 90 points from Friday's close. It was also higher against the D-mark at DM 4.05 its best level for over two months and up from the previous close in London of DM 4.0375.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. July average 2.5895. Trade weighted index 124.8 against 123.5 six months ago. The Bundesbank has intervened to support the D-mark in a concerted effort by central banks to restrain the dollar, which is at its highest level for many years against the Germany currency, reflecting the large differential between U.S. and German interest rates.

Attention remained focussed on the dollar in Frankfurt yesterday. The U.S. unit was fixed lower at DM 2.7114 down from DM 2.7270 on Friday although this was well above the day's earlier level of DM 2.7035. The recovery was principally a corrective move after earlier reaction in the Far East to better than expected U.S. money supply figures. The Bundesbank intervened at the fixing to sell $14.1m and was also active in the open market. Sterling was fixed at DM 4.0410 up from DM 4.0330 on Friday. Trading elsewhere was rather quiet with several major European centres closed for holidays.

JAPANESE YEN — Trading range against the dollar in 1983 is 244.30 to 226.80. July average 240.47. Trade weighted index 146.5 against 146.4 six months ago. The yen, while remaining quite strong against most currencies, has been dragged down by a strong move into the dollar, as continuing above target U.S. M1 money supply figures concentrate attention on the threat of higher New York interest rates. The Bank of Japan has been one of the central banks actively involved in trying to stem the dollar's advance.

The dollar recovered from early lows in Tokyo with initial reaction to better than expected U.S. money supply figures seen as being rather overdone. From an opening level of Y245.10, the dollar fell to a low of Y245.0 before recovering to finish at Y246.15. This was still well below Friday's close of Y247.35, however. Central bank activity was probably restricted to smoothing operations.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.6738	+1.72	+0.94	±1.5447
Danish Krone ...	8.14104	8.22431	+1.02	+0.24	±1.6425
German D-Mark	2.24184	2.28116	+1.75	+0.97	±1.0642
French Franc ...	6.87456	6.86412	−0.15	−0.93	±1.4052
Dutch Guilder ...	2.52595	2.55278	+1.06	+0.28	±1.4964
Irish Punt	0.72569	0.722009	−0.51	−1.29	±1.6689
Italian Lira	1403.49	1350.93	−3.74	−3.74	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Aug. 15	£	$		£ Note Rates
Argentina Peso..	15.65-15.71	10.52-10.55	Austria	28.35-28.75
Australia Dollar..	1.7010-1.7030	1.1435-1.1440	Belgium	80.70-81.50
Brazil Cruzeiro...	949.09-964.48	637.83-641.02	Denmark	14.51-14.65
Finland Markka...	8.5950-8.6110	5.7500-5.7550	France	12.10-12.22
Greek Drachma...	133.00-133.50	88.75-88.50	Germany	4.02¼-4.06¼
Hong Kong Dollar	11.07¼-11.09¼	7.4390-7.4440	Italy	2365-2400
Iran Rial	130.65*	88.40*	Japan	366-371
Kuwait Dinar (KD)	0.436-0.437	0.29305-0.29315	Netherlands	4.50½-4.54½
Luxembourg Fr.	81.00-81.10	54.30-54.32	Norway	11.16-11.26

CURRENCY MOVEMENTS

Aug. 15	Bank of England Index	Morgan Guaranty Change %
Sterling	85.1	−35.5
U.S. dollar	129.8	+16.8
Canadian dollar	92.8	−16.8
Austrian schilling	116.7	+28.4
Belgian franc	91.2	−3.7
Danish kroner	79.0	−14.0
Deutsche mark	124.8	+53.8
Swiss franc	151.9	+112.6
Guilder	114.9	+24.7

CURRENCY RATES

AUG. 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.700537	0.564871
U.S. $	8½	1.04422	0.842923
Canadian $	9.68	*	1.03972
Austria Sch	3¾	n.a.	16.0570
Belgian F	9	n.a.	45.6738
Danish Kr.	7½	10.2020	8.22431
D mark	4	2.83130	2.28116
Guilder	4½	3.16764	2.55278
French F	9½	n.a.	6.86412

THE POUND SPOT AND FORWARD

THE DOLLAR SPOT AND FORWARD

EXCHANGE CROSS RATES

Aug. 15	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.493	4.050	368.8	12.173	3.358	4.532	2399.	1.844	81.05
U.S. Dollar	0.670	1.	2.714	247.1	8.156	2.169	3.037	1607.	1.235	54.30
Deutschmark	0.247	0.369	1.	91.05	3.006	0.799	1.119	592.3	0.455	20.01
Japanese Yen 1.000	2.712	4.047	10.98	1000.	33.01	8.780	12.29	6504.	5.001	219.8
French Franc 10	0.822	1.226	3.327	302.9	10.	2.660	3.724	1970.	1.515	66.58
Swiss Franc	0.309	0.461	1.251	113.9	3.760	1.	1.400	740.8	0.570	25.03
Dutch Guilder	0.221	0.329	0.894	81.36	2.686	0.714	1.	529.2	0.407	17.88
Italian Lira 1.000	0.417	0.622	1.689	153.7	5.075	1.350	1.890	1000.	0.769	33.79
Canadian Dollar	0.542	0.809	2.196	200.0	6.601	1.756	2.458	1301.	1.	43.95
Belgian Franc 100	1.234	1.841	4.997	455.0	15.02	3.994	5.592	2959.	2.275	100.

MONEY MARKETS

UK rates slightly easier

UK clearing bank base lending rate 9½ per cent (since June 14)

UK interest rates were slightly easier in places yesterday. This followed a lower trend in Euro-dollar rates as the market reacted to better than expected U.S. money supply figures released late on Friday. Short term rates were a little tight however with funds never appearing to be plentiful. Overnight interbank rates opened at 8¾-9 per cent but moved up to 9½-10 per cent as early Bank of England assistance fell some way short of the revised shortage. Rates touched a peak of 11 per cent before easing slightly to finish at 9¾-10 per cent.

The Bank of England forecast a shortage of around £100m which was later revised to £200m and then to £250m. Factors affecting the market included bills maturing in official hands and a net take up of Treasury bills—£240m and Exchequer transactions a further £70m. These were partly offset by a fall in the note circulation of £260m. The Bank gave help in the morning of £52m, buying £10m of Treasury bills in band 4 (64-91 days) at 9⅜ per cent and £42m of eligible bank bills in band 4 (64-84 days) also at 9⅜ per cent. Afternoon assistance comprised purchases of £44m of eligible bank bills in band 1 (up to 14 days) at 9⅞ per cent and £12m in band 2 (15-33 days) at 9½ per cent. In band 3 (34-63 days) it bought £7m of Treasury bills and £19m of eligible bank bills all at 9⅞ per cent and in band 4 (64-84 days) £4m of local authority bills and £44m of eligible bank bills at 9⅜ per cent. In accordance with its revised policy, the Bank of England announced a later round of assistance totalling about £55m. Total help came to around £237m.

In Frankfurt call money was quoted at 5.0-5.1 per cent as the market received some DM 4.3bn through the Bundesbank's latest repurchase facility. The size of

LONDON MONEY RATES

Aug. 15 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8¾-11	9⅞	—	—	9¼-9½	8¾-10	—	—	—
2 days notice	—	—	9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9¼-9½	—	—	—	—
7 days notice	—	8⅞-9⅛	9⅛	—	—	9⅝	8¾-9	—	—	—

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

FT LONDON INTERBANK FIXING

MONEY RATES

FINANCIAL FUTURES

Record volume

Euro-dollar prices showed a firmer trend in the London International Financial Futures Exchange yesterday, with volume in all contracts totalling a record 9,649. The market was reacting principally to the latest U.S. money supply figures with M1 showing a $400m rise against market expectations of nearer $2bn. Pausing for thought however these figures were bad instead of horrible but on the plus side this could mean that with all three monetary aggregates threatening to expand somewhere closer to Federal targets, recent upward pressure on U.S. interest rates could be contained. However this is only a short term view since money supply figures currently hold the limelight. Fundamentals such as the huge U.S. Budget deficit are likely to reassert themselves should there be any thoughts of a sustained fall in interest rates.

In the short term it seems unlikely that the Fed will tighten monetary policy in anything approaching an aggressive manner and economic indicators due later this week such as industrial production and housing starts today and capacity utilisation tomorrow will be closely watched in order to gauge the strength of any economic recovery.

The September contract opened at 89.63 from 89.40 on Friday and finished at 89.59. Volume in the gilt sector totaled well over 4,500 lots with the September price touching a high of 103-22 close to a limit up from Friday's close of 101-28. It closed at 102-29, the same as the opening price. Sterling's stronger performance against the dollar and a stronger tone to the U.S. bond market were principal factors behind the rise while a softer feel to UK cash rates helped the three-month sterling deposits future price firm to 90.13 at the close from an opening level of 90.12 and Friday's close of 89.92.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	89.59	89.66	89.57	89.40
Dec	89.19	89.26	89.18	88.97
March	88.94	88.97	88.92	88.72
June	88.73	—	—	88.52
Sept	88.61	—	—	88.43

Volume 2,347 (1,587).
Previous day's open int. 6,474 (6,543).

THREE-MONTH STERLING DEPOSIT

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	71-03	71-12	70-25	70-07
Dec	70-17	70-25	70-06	69-20
March	70-01	70-11	69-24	69-03
June	69-19	70-00	69-10	68-22
Sept	69-07	69-14	69-00	68-11
Dec	68-28	69-00	68-23	68-01
March	68-18	68-19	68-18	67-25
June	68-12	68-16	68-12	67-19

Previous day's open int. 280 (274).

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on August 15 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.15
Algeria	Dinar	(A) 7.2985
Andorra	French Franc	12.1725
	Spanish Peseta	227.45
Angola	Kwanza	(CM) 48.594
Antigua ($)	E. Caribbean $	4.03
Greenland	Danish Kroner	14.585
Granada	E. Caribbean $	4.03
Guadaloupe	Local Franc	12.1725
Guam	U.S. $	1.4925
Guatemala	Quetzal	1.4925
Guinea Republic	Syli	35.25
Guinea Bissau	Peso	63.65
Peru	Sol	exc(A)2,784.50
Philippines	Philippine Peso	16.15
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.2960
Poland	Zloty	144.47
Portugal	Portuguese Escudo	184.50

INTERNATIONAL CAPITAL MARKETS

EUROBONDS

New York inspires market revival

By Mary Ann Sieghart in London

THE EURODOLLAR bond market saw its first flurry of activity for a long time yesterday as it reacted to the New York market's dramatic rally on Friday night.

After encouraging news on the money supply front – a much smaller increase in M1 than expected – the benchmark long bond in the U.S. rose by two points. The Eurodollar sector had its first chance to react to that yesterday morning, and by lunch-time prices had risen by up to a point.

However, this gave dealers a chance to unload their long positions, and prices drifted off in the afternoon to close up about ½ point on the day.

The rally in New York led to brisk trading in Merrill Lynch's Euro-Treasury warrants, launched last Thursday. Because the warrants have a fixed exercise price, they are in demand when the U.S. market is on its way up.

The warrant price rose from $18¾ to a high of $26 in the morning, before settling down at around $24 in the afternoon. At this price, investors are still paying a lower premium (about 5.6 per cent) than they were on Friday (6.4 per cent). The 10⅜ per cent U.S. Treasury bond of 2012, into which the warrants are exercisable, has risen by more than a point since then.

Merrill Lynch announced yesterday that the minimum target of 300,000 warrants had been reached and that no more would be sold. It had originally planned to offer between 300,000 and 500,000. This does not, however, rule out the possibility of a second tranche.

After all few houses have the expertise to run such an issue, with the complex hedging operations it requires. Among those which can, some – like Goldman Sachs – would find it difficult to raise money in their own name, because they are a partnership, and would therefore have to find a reputable third party.

Goldman Sachs is making news in other areas with its ICI deal. This was the $100m, 6½ per cent 1991 issue launched in May, which carried both a currency conversion option into sterling and warrants to buy ICI shares.

The deal flopped disastrously soon after it was issued, falling to a 12-point discount within a week.

Underwriters were then extremely worried that they might be asked not only to forego their underwriting fee, but also to dig into their own pockets to help bear the brunt of Goldman's stabilisation losses.

Elsewhere in the dollar sector, one new issue was launched yesterday – a 15 year $50m convertible for US Air led by Lehman Brothers Kuhn Loeb. Unusually for a convertible, the terms have already been fixed; the coupon is 7 per cent (at par) and the exercise price is $34⅛, a premium of around 8 per cent over the price yesterday afternoon in London. It started trading at a discount of about 1 per cent.

Allied to raise $275m for oil, gas project

By Margaret Hughes in London

ALLIED Corporation of the U.S. is raising $275m to finance its participation in the Badak-Nilam oil and gas project in Indonesia. Morgan Guaranty is acting as lead manager for the eight-year loan, which will carry a margin of 1 per cent above Libor (London inter-bank offered rate) for the first two years and 1⅛ per cent for the remaining six years. The commitment fee is ⅜ per cent.

Morgan Guaranty, which is seeking between 20 and 25 banks to participate, said market reaction had been very favourable, with syndication due to close this week.

A separate loan worth $300m is being raised by Ultramar for another energy project in Indonesia. This loan, which has gone out to limited syndication, is being arranged by Bank of America.

● Gulf Aluminium Rolling Mill Company (Garmco) has awarded a mandate to Gulf International Bank (GIB) and National Bank of Bahrain (NBB) to arrange a US$91m guarantee facility for the provision of Japanese export credit finance. NBB is the agent bank.

Garmco is a multi-government joint venture bringing together Bahrain, Kuwait, Saudi Arabia, Qatar, Iraq and Oman. The company has retained Lloyds Bank International as financial adviser and Kaiser Engineers as project consultant. A $100m turnkey contract to build a 40,000 tonnes a year aluminium rolling mill was signed with Kobe Steel of Japan on August 1 for completion in 1985.

The eight-year guarantee facility will be syndicated among Arab and international banks and is expected to be substantially over-subscribed. It carries a guarantee fee of ⅜ per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for August 15.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¼ 90	100	91½	92	+0⅜	+0½	12.18
Bank of America 8 88 XW	150†	84½	85	+0⅞	+0¾	12.54
Bank of Tokyo Hold 11 90	100	93½	93⅞	+0⅞	+1⅛	12.49
British Col Hyd 10½ 88	200	95⅛	95⅝	+0⅞	+1	11.56
C.C.C.E. 11¾ 97	100	93	93½	+1	+1¾	12.77
CIBC 11 90	75	92⅛	92⅝	−1⅛	−0½	12.78
Citicorp O/S 10⅞ 90	100	89⅛	89⅝	+0¼	−0⅜	12.79
Coca Cola Int 9⅞ 92	100	88⅛	88⅝	+0⅜	+0⅝	11.81
Cred Suisse BAH 10½ 90	150	95⅜	95⅞	+0⅝	+0¼	11.45
Credit Suisse 10½ 89	100†	95⅛	95⅝	+0½	−0⅛	11.54
Den Norsk Cred 11¼ 93	50	92⅜	92⅞	+1⅛	+1	12.58
Du Pont 11¼ 95	150	96¾	97¼	+0⅝	+0⅝	11.71
E.C.S.C. 11⅞ 90	75	97½	98	-	-	12.37
E.D.C. 10¾ 88	100	96¼	96¾	+1¼	+1⅝	11.77
E.D.C 11¾ 87	100	98¾	99¼	+0⅜	+1⅞	12.03
E.D.F. 11⅛ 93	100	90½	91	+0⅞	+1	12.82
E.E.C. 10¾ 95	75	89⅝	90⅛	+0¾	+1⅜	12.46
E.E.C. 11 87	350	96⅝	97⅛	+0⅛	+0⅝	12.03
E.I.B. 10⅝ 93	200	90¼	90¾	+0½	+1⅛	12.48
E.I.B. 11 91	125	93	93½	+1¼	+1⅝	12.39
Electrolux 10½ 90	50	91⅛	91⅝	+0⅝	+0⅞	12.43
Ensearch Fin 11⅛ 93	100	92½	93	−0⅝	−0¾	12.95
Fuji Int Fin 10⅞ 90	100†	90¼	90¾	0	+0⅞	13.08
Gen Elec Credit 9¾ 91	100	88¾	89¼	+0¾	+0⅞	11.96
GMAC O/S Fin 10½ 90	200	94⅛	94⅝	+1⅛	+0⅝	11.76
Honeywell Int 10¾ 90	100	95⅛	95⅝	+0½	+0½	11.76
Indust Bk Japan 10⅞ 88	100	95¼	95¾	+0⅝	+0⅞	12.15
Japan Air Lines 10⅞ 98	42	88⅞	89⅜	+0⅞	+0⅝	12.51
Japan Air Lines 11 93	75	92⅝	93⅛	+1⅜	+1⅛	12.27
J. P. Morgan 11⅜ 90 XW	150	96½	97	-	-	12.09
Levi Strauss Int 11 90	75	93⅞	94⅜	+0½	+0⅝	12.38
L.T.C.B. 10¾ 90	100	91	91½	+1⅛	+1½	12.73
Merrill Lynch 10⅝ 90	200	92⅛	92⅝	+0⅜	+0¼	12.33
Midland Int Fin 11½ 92	150	94½	95	+0½	+1⅛	12.46
Mitsubishi Corp 10½ 90	100	91¼	91¾	+0⅝	+2	12.41
Mitsubishi Fin 11⅜ 90	100	93⅞	94⅜	+0⅞	+1⅛	12.69
Nippon Credit 11 90	100	91¾	92¼	+0¾	+0¾	12.81
Nippon Credit 11⅛ 93	100	92¾	93¼	+0¾	+1⅝	12.62
O.K.B. 10 91	100	87¼	87¾	+0½	+0⅝	12.61
Ontario Hydro 10¼ 90	250	90⅞	91⅜	+0¼	+0½	12.23
Ontario Hydro 11¼ 89	200	97⅜	97⅞	+0¼	+0½	11.77
Ontario Hydro 12¾ 92	200	100⅝	101⅛	+0¼	+0½	12.54
Prudential O/S 10⅝ 93	100	93	93½	+0½	+0⅝	11.81
Prudential O/S 12¾ 87	150	102⅞	103⅜	+0¾	+1¼	11.73
Quebec Hydro 11½ 92 D	100	97⅛	97⅝	0	+0⅝	11.96
Saskatchewan Pr 10¾ 90	125	92⅞	93⅜	+0½	+0⅞	12.38
S.N.C.F. 11½ 93	100	94½	95	+0⅝	+1⅛	12.44
Sth Cal Edison 10½ 90	75	93¾	94¼	+0¾	−0⅛	11.82
Sumitomo Fin 10⅞ 90	100	91⅛	91⅝	+0⅝	+1⅛	12.80
Swiss Bk Corp 10¾ 90	125†	95½	96	+0½	−0⅛	11.18
Texaco Capital 9¾ 90	150	90⅞	91⅜	+0½	+0⅝	11.74
U.B.S. 10 88	100	95⅜	95⅞	+0⅛	−0⅛	10.82
U.B.S. 11 89	150	99⅜	99⅞	−0⅛	−0⅛	11.06
Westpac Int Fin 11 90	100†	92⅛	92⅝	0	+0¼	12.89
World Bank 10⅝ 88	150	94⅜	94⅞	+0¼	+0⅝	11.91
World Bank 10⅞ 93	100	91⅜	91⅞	+0¼	+0⅜	12.38
World Bank 11⅛ 98	100	93⅞	94⅜	+1¼	+1⅜	11.98

Av. price changes: on day +½, on week +⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅝ 93	100	97¾	98¼	0	0	7.67
A.N.A.S. 8¼ 88	100	99¼	99¾	0	+0⅜	8.37
Austria. Rep 7⅝ 89	100	98⅞	99⅜	+0¼	+0¼	7.81
Austria. Rep 8 93	100	99½	100	+0⅞	+0⅞	8.03
B.F.C.E. 8¼ 90	150	99⅜	99⅞	+0⅛	+0⅛	8.32
Comp Tel Nac Esp 8¾ 93	100	93½	94¼	+0⅝	+0½	9.58
Deutsche Bank 3¾ 91 WW	240	106½	107	+0¾	−0¼	2.77
Deutsche Bank 3¾ 91 XW	240	79½	80¼	+0¼	+0¼	7.22
Dresdner Finance 4 90 WW	250	107¼	107¾	+0¾	+0⅞	2.78
Dresdner Finance 4 90 XW	250	81⅛	81⅝	+0¼	+0⅛	7.57
E.C.S.C. 8 90	100	99	99½	—	—	8.14
E.E.C. 8¼ 93	250	99⅞	100⅜	+0⅛	−0⅛	8.22
Eurofima 7½ 90	100	97½	98	+0¼	−0½	7.93
Eurofima 7½ 91	100	99	99¾	+0⅛	+2	7.60
Ferrovie Dello 8¾ 88	150	102⅝	103⅛	0	+0¼	7.88
Finland Rep 7½ 88	150	98⅝	99⅜	0	0	7.75
Int-Am Dev Bk 7¾ 93	200	94⅛	94⅞	0	−0⅝	8.60
Japan Dev Bank 7½ 90	100	98¼	98¾	+0¾	+1⅞	7.78
Kobe City 7 93	120	94⅛	94⅝	0	−0⅞	7.84
Mount Isa Fin 7⅝ 90	100	98¼	99	+0⅛	0	7.88
Renault Acceptance 8 90	150	96¼	96¾	+0⅛	+0⅛	8.69
S.D.F. France 7⅞ 93	100	96	96½	+0¼	−0⅛	8.44
Sth African Tran 8¼ 90	100	98⅝	99⅛	+0⅛	+0¼	8.46
Volkswagen Int 7¼ 93	200	95⅞	96⅛	−0⅛	−0⅝	7.89
World Bank 7½ 90	250	95⅛	96⅝	—	—	8.23
World Bank 7½ 93	300	95¾	96¾	+0⅝	+0⅞	8.10

Av. price changes: on day +¼, on week +⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AKZO 5⅝ 93	100	97⅞	98⅛	0	−0⅜	5.89
Bergen, City of 5¾ 95	40	99½	99¾	+0⅛	0	5.79
BTR Finance 5⅝ 93	75	97½	97¾	+0¼	+0½	5.96
Carls-Tuborg Brw 5¾ 93	60†	100½	101	+0⅛	−0⅜	5.84
Chujitsuya Co 5⅞ 93	50	96	96¼	−0½	0	6.42
Denmark 6⅜ 91	100	101¾	102	+0⅜	+0⅛	6.07
E.D.C. 5⅝ 91	100	98	98¼	−0¼	−1⅛	5.68
E.I.B. 5¾ 93	100	97½	98	+0⅛	−2½	6.06
Ex-Im Bk Japan 5⅝ 91	100	97	97¼	−0½	−1⅛	6.09
Ind Fund Finland 6¼ 91	40	100	100¼	0	−0⅛	6.23
Int-Am Dev Bk 6⅛ 93	100	100½	100¾	+0½	0	6.04
Japan Dev Bank 5½ 93	100	98½	98¾	+0¼	+0⅛	5.68
Kansai Elec Power 6 91	100	102	102¼	0	+0½	5.65
Kawasaki Steel 6⅛ 91	100	100⅝	100⅞	+0⅛	−0⅜	6.00
Montreal Urban 5¾ 93	100	99¼	99½	0	−0⅛	5.83
Mount Isa Finance 6 93	100	100½	100¾	0	−0½	5.91
Nisshin Steel 6¼ 91	100	99⅜	99⅝	−0⅛	−0⅜	6.33
Norsk Hydro 5½ 98	100†	96½	97	+0⅛	+0⅛	5.83
Osterr Draukraft 6 93	100	102	102¼	+0⅛	−0½	5.71
Osterr Post 6⅛ 91	100	102⅛	102⅜	−0⅝	+0⅛	5.68
Quebec Hydro 5½ 93	100	100½	100¾	0	−0½	5.41
Sekisui House 6 93	100	101	101¼	0	−0½	5.84
Sumitomo Metal Ind 6 91	100	100⅝	100⅞	+0⅝	+0⅛	5.87
Tohoku Elec Power 6 93	100	99½	99¾	+0½	−1	6.05
Trizec Corp 6¼ 91	100	103	103¼	0	0	5.73
World Bank 5⅞ 93	100	97⅛	97⅜	+0⅛	0⅝	6.08

Av. price changes: on day 0, on week −⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	103¾	104¼	0	0⅛	7.98
E.I.B. 8¼ 92	15	101⅞	102⅛	0½	0	7.96
Japan Airlines 7⅞ 87	9†	101¾	102½	−0⅝	0	7.15
New Zealand 7⅝ 89	15	101⅛	101⅞	0	0⅝	7.31
World Bank 8⅜ 92	20	102¾	103¼	+0⅛	0⅝	7.87

Av. price changes: on day 0, on week −⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col 11¾ 93 CS	25†	93	93½	+0⅝	0½	12.98
Cap Pac Secs 11⅞ 90 CS	75†	97½	97¾	0	−1⅜	12.44
Charb France 11⅞ 95 CS	40†	93¾	94¼	+0½	+0½	12.87
Interprov Pipe 12¼ 93 CS	50†	93⅝	94⅛	0	−1½	13.36
Montreal 12¼ 91 CS	50†	98¾	99¼	0	−0⅞	12.43
Mont Trans 12½ 90 CS	20†	97½	98	−0⅜	−0⅛	12.98
Pancanadian 12½ 93 CS	50†	95⅛	95⅝	0	−1¼	13.32
Credit Nat 12¼ 93 ECU	50*	102½	103¼	0	0	11.71
Forsmarks 11½ 88 ECU	40*	102	102¾	0	+0⅛	11.15
Cansol Foods 7¼ 88 Fl	100	94¾	95¼	−0⅞	−0½	8.59
Elect Supply 8¾ Fl	75	95¾	96¼	−0⅛	−0⅛	9.82
Nederland Gas 7½ 88 Fl	100	98⅛	98⅝	+0⅛	+0⅝	7.92
Philips Lamps 7¼ 88 Fl	100	96¾	97¼	−0⅝	−0⅝	8.04
Swed Exp Cred 7¾ 88 Fl	100	94¾	95¼	−0⅝	−0⅛	9.10
World Bank 7 88 Fl	150	93⅞	94¾	0	−0⅛	8.66
O.K.B. 14 88 FF	400*	100	101	0⅛	0⅛	13.84
Solvay & Cie 14¾ 86 FF	200*	101⅛	102¼	0⅛	0⅛	13.79
B.F.C.E. 11½ 88 £	50	96⅝	97⅛	+0¼	+0⅞	12.38
British Oxyg 11¾ 91 £	50	98⅞	99⅜	+0½	+0⅝	11.85
CEPME 11⅛ 95 £	30†	98	99	0⅛	−0½	11.47
E.E.C. 11⅞ 91 £	50	99⅝	100⅛	+0⅝	+0⅝	11.84
Fin For Ind 10½ 90 £	30	96	96¾	+0⅛	−0⅛	11.27
Fin For Ind 12¼ 88 £	30	102¾	103¼	+0¼	+0⅝	11.38
Fin Mat Oranj 12⅝ 92 £	30	101	102	+0⅝	−0⅛	12.35
Gen Elec Co 12½ 89 £	60	102⅞	104⅛	+0½	0	11.56
Mort Bk Fin 11¾ 89 £	15	96¼	97¼	0⅛	0⅝	12.59
Norsk Hydro 12 90 £	30	100⅝	101⅛	+0⅝	+0¾	11.82
Quebec 14½ 89 £	30	107½	108½	+0⅝	+1⅞	12.53
S.N.C.F. 11½ 89 £	30	95¾	96¼	0	0⅛	12.37
Sweden 11⅛ 93 £	50	95⅝	96⅛			11.96
Swed Exp Cred 11¼ 88 £	30	96⅞	97⅜	+0⅝	+0⅝	12.12
World Bank 11½ 98 £	100	96¾	97½			11.92
World Bank 11⅜ 91 £	75	98¼	99	+0½	+0⅞	11.63
Euratom 11 93 LuxFr	500*	105⅛	106⅛	0	0⅛	10.03
Europarat 10¾ 93 LuxFr	600*	102⅝	103⅝	0	0	10.21

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.F.C.E. 5¼ 87	0¼	99¼	99½	27/1	10⅞	10.94
B.F.C.E. 5¼ 88	0¼	99	99¼	28/1	10.19	10.27
Caisse Nat Tels 5¼ 90	0¼	98⅞	99⅛	21/10	9.56	9.66
C.C.F. 5¼ 95	0⅜	98⅞	99⅛	7/10	10.19	10.29
C.C.F. 5⅛ 98	0¼	99⅜	99⅞	24/9	9.94	9.96
Cepme 5¼ 88 WW	0⅛	99¼	99¾	3/8	10	10.05
Cepme 5⅛ 92	0¼	99¼	99½	10/12	10½	10.57
Chemical NY 5¼ 94 ††	0⅛	100¼	100½	23/9	10.82	10.78
C N C.A. 5⅛ 95 XW	0⅛	98¾	99	7/12	10	10.11
C.N.T. 5¼ 91	0⅛	98⅝	98⅞	6/11	9¼	9.39
Credit Agricole 5⅛ 97	0⅛	99½	99¾	24/9	10	10.08
Credit Lyonnais 5⅛ 94	0⅛	98¾	99	5/1	10.31	10.43
Credit Lyonnais 5¼ 97	0⅛	98⅞	99⅛	1/10	10.06	10.16
Credit Nat 5¼ 94	0⅛	98¾	99¼	9/9	9¼	9.34
E.D.F. 5¼ 95 XW	0⅛	99¼	99½	10/8	10	10.06
E.E.C. 5 90	0⅛	99⅛	99⅞	5/1	10.19	10.25
Kansallis Osake 5½ 92	0⅛	99¾	100	6/11	9½	9.14
Long Term Cred 5⅛ 92	0¼	98⅝	99⅞	27/11	9⅝	9.77
J.P. Morgan 5¼ 97 $	0¼	100¼	100½	12/8	9	8.97
New Zealand 5⅛ 87	0⅛	100	100¼	7/10	10.06	10.05
NZ Steel Dev 5¼ 92	0¼	99⅞	100⅜	22/12	10¼	10.24
Nippon Credit 5¼ 90	0⅛	100	100¼	10/8	9⅞	9.86
Soc Generale 5¼ 90 XW	0⅛	98½	98¾	9/11	9⅛	9.25
Société Générale 5⅛ 95	0⅛	99⅛	99⅜	1/9	9½	9.57
Sweden 5⅛ 89	0¼	99½	99¾	26/8	9⅝	9.66
Sweden 5½ 93	0¼	99⅞	100⅜	3/2	11.19	11.17

Av. price changes: on day 0, on week −⅛

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	478	107¾	109¼	+1⅞	9.90
Canon 7 97	7/82	748.2	227⅞	229⅞	+18⅞	28.16
Hitachi Cable 5¼ 98	2/82	515	122½	124	+3⅞	6.92
Honda Motor 5¼ 98	6/83	884	99⅝	100⅝	+1⅝	6.41
Honda Motor 5½ 97	3/82	759.6	111½	113	+1⅜	2.15
Kawasaki 5¾ 96	9/81	229	78¾	79⅞	+2	17.70
Kumagai Gumi 6½ 97	10/82	400	110¾	112¼	0⅝	1.83
Kyowa Hakko 8¼ 97	2/83	762	111⅝	113⅛	+3⅞	10.66
Minebea Co Ltd. 5½ 98	5/83	867	122⅝	123⅞	+4⅝	1.20
Mitsubishi Electric 5¼ 98	6/83	396	104⅛	105⅛	+3¾	9.08
Nippon Electric 5¼ 97	2/82	705.9	184½	186½	+10	7.54
Nippon Oil Co 5½ 98	4/83	964	86⅛	87⅛	+2	10.25
Nissan Motor 5¾ 98	4/83	770	98	99	+0⅞	8.79
Olympus Optical 6¾ 97	12/82	1331	97⅝	99⅛	+2	16.34
Orient Finance 5¼ 97	3/82	927.2	96⅛	97⅝	+4⅛	14.73
Orient Leasing 5¼ 98	6/83	2600	90⅛	91⅛	+1⅛	1.46
Secom 5 98	11/83	2920	118⅝	120⅛	+3⅛	9.19
Sumitomo Electric 5½ 97	3/82	577.3	109½	111	+4⅛	6.99
Sumitomo Metal 5¼ 96	10/81	296.1	66¼	67⅞	−0¼	38.71
Yamaichi Sec Co 5 98	8/83	472	81¾	83¼	+1⅞	9.32
NEC Corp 3½ 93 SF	6/83	978	152	153	+4	1.38
Sanyo Electric 3½ 93 SF	5/83	591	107	108	0½	16.09
Konishiroku 6¾ 88 DM	6/82	616	111¼	112¼	+0⅝	3.84
Mitsubishi Heavy 6 89 DM	2/82	263	102¾	103¾	+0¼	10.37
Sum Realty 6⅛ 92 DM	2/83	365	118⅛	118⅞	1½	4.25

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cov. date – First date for conversion into shares. Cov. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

*

International Property Review

Every Friday the Financial Times publishes a detailed review of the activities in the UK and international property markets.

Specialist FT writers look at the background to the week's headline making news, profile leading personalities and examine trends in the property development market.

Similarly every Monday Financial Times journalists turn their attention to the building and engineering fields with particular emphasis on recently-awarded British and international contracts, general industry news and feature articles on major developments in these important economic sectors.

*

WORLD ECONOMIC INDICATORS
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BASE LENDING RATES

A.B.N. Bank	9½%	■ Hambros Bank	9½%
Al Baraka International	9½%	Heritable & Gen. Trust	9½%
Allied Irish Bank	9½%	■ Hill Samuel §	9½%
Amro Bank	9½%	C. Hoare & Co. †	9½%
Henry Ansbacher	9½%	Hongkong & Shanghai	9½%
Arbuthnot Latham	9½%	Kingsnorth Trust Ltd.	11 %
Armco Trust Ltd.	9½%	Knowsley & Co. Ltd.	10 %
Associates Cap. Corp.	9½%	Lloyds Bank	9½%
Banco de Bilbao	9½%	Mallinhall Limited	9½%
Bank Hapoalim BM	9½%	Edward Manson & Co.	10½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank Leumi (UK) plc	9½%	National Bk. of Kuwait	9½%
Bank of Cyprus	9½%	National Girobank	9½%
Bank of Scotland Ω	9½%	National Westminster	9½%
Banque Belge Ltd.	9½%	Norwich Gen. Tst.	9½%
Banque du Rhone	10½%	P. S. Refson & Co.	9½%
Barclays Bank	9½%	Roxburghe Guarantee	10 %
Beneficial Trust Ltd.	10½%	Royal Trust Co. Canada	9½%
Bremar Holdings Ltd.	9½%	Standard Chartered ‖	9½%
Brit. Bank of Mid. East	9½%	Trade Dev. Bank	9½%
■ Brown Shipley	10 %	Trustee Savings Bank	9½%
CL Bank Nederland	9½%	TCB	10 %
Canada Perm't Trust	10½%	United Bank of Kuwait	9½%
Castle Court Trust Ltd.	10 %	United Mizrahi Bank	9½%
Cayzer Ltd.	9½%	Volkskas Intnl. Ltd.	9½%
Cedar Holdings	10 %	Westpac Banking Corp.	9½%
■ Charterhouse Japhet	9½%	Whiteaway Laidlaw	10 %
Choulartons	10½%	Williams & Glyn's	9½%
Citibank Savings ¶	10½%	Wintrust Secs. Ltd.	9½%
Clydesdale Bank	9½%	Yorkshire Bank	9½%
C. E. Coates	10 %		
Comm. Bk. of N. East	9½%		
Consolidated Credits	9½%		
Co-operative Bank *	9½%		
The Cyprus Popular Bk.	9½%		
Duncan Lawrie	9½%		
E. T. Trust	10 %		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%. 1-month 6.25%. Short-term £8,000/12-months 8.6%.
† 7-day deposits on sums of: under £10,000 6%. £10,000 up to £50,000 7%. £50,000 and over 8%.
‡ Call deposits £1,000 and over 6%.
‖ 21-day deposits over £7,000 7%.
§ Demand deposits 6%.
¶ Mortgage base rate.
Ω Money market cheque account = 9.25%. Effective annual rate = 9.65%.